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Theoretical Issues Concerning Socialism

HK1511025189 Beijing LIAOWANG [OUTLOOK] in
Chinese No 44, 30 Oct 89 pp 12-13

[Article by Zhao Cheng (6392 6134): "Clarifying Some Theoretical Issues Concerning Socialism"]

[Text] In order to guide China onto the capitalist road, apart from putting forward the reactionary program of "total Westernization," some diehard proponents of bourgeois liberalization have also put forward a lot of antisocialist theories aimed at vilifying socialism and beautifying capitalism under the pretence of conducting a "reunderstanding" of socialism. This has caused some ideological as well as theoretical confusion among our people. The antisocialist theories put forward by these diehard proponents of bourgeois liberalization include mainly the following:

First, the theory that "socialism shows no superiority at all." The proponents of bourgeois liberalization hold that socialism "is full of defects" and is inferior to capitalism and that the full realization of socialist superiority is merely "empty talk on paper." According to the proponents of bourgeois liberalization, China should replace and transform its socialism with capitalism.

How should we look at this question? In the past, we once held with perfect assurance that socialism is definitely superior to capitalism. Later, due to the emergence of some difficulties and setbacks in global socialist practice and the emergence of a lot of new changes and new developments in the capitalist world, we began to deem it necessary to update our understanding of this question. Nevertheless, while updating our understanding of this question, we should still have firm faith in our belief that socialism is superior to capitalism. If socialism were inferior to capitalism, socialism would be unqualified to replace capitalism. When talking about the superiority of socialism, we must adhere firmly to the following two basic points: 1) We should draw a clear line of demarcation between the inherent superiority of socialism and the full realization of the inherent superiority of socialism. The so-called inherent superiority of socialism refers to the following fact: The implementation of the system of public ownership and the system of distribution according to work results naturally in common prosperity for all members of socialist society and successfully puts an end to polarization. Because social economic development is guided by the state plan in a socialist society, socialist countries are able to maintain a sustained, high-speed, planned, and proportionate development of their respective national economies. This means that the socialist society has put an end to anarchical production and economic crises characteristic of the capitalist society. Because everyone has the right and opportunity to work in the socialist society, socialist society has also put an end to unemployment. The enforcement of socialist democracy has enabled working people to become masters of their country and to participate in state administration and social administration. Therefore, the socialist society is capable of

wiping out political corruption, spiritual decadence, and many other unfair phenomena characteristic of the capitalist system and other systems of exploitation. This is why the socialist society is capable of building a spiritual civilization that is far better than that in capitalist society, even under relatively poor material conditions. Under the influence of Marxism and the socialist ideology, the socialist society is capable of unifying the ideology, morality, and discipline of all its members. All these specific manifestations of the inherent superiority of socialism are already obvious to all at the initial stage of China's socialism. However, the full demonstration of the inherent superiority of socialism and the substantial enhancement of the attraction of socialism will depend ultimately on the successful realization of China's four modernizations and the final victory of China's reform. 2) We should learn to acquire an overall strategic understanding in this regard. We should know that it will probably take a century or more before the inherent superiority of socialism is brought into full play. In the case of China, the deadline is the year 2049, when the PRC will celebrate the 100th anniversary of its founding. By the year 2049, due to the full development and perfection of the socialist system in China, the inherent superiority of socialism will have been brought into full play in China. Nevertheless, if we can do our work better, perhaps, we will not have to wait that long.

Second, the theory that "socialism has suffered a complete failure." The diehard proponents of bourgeois liberalization hold that "the socialist experiment and failure is the legacy of the 20th century." "The 70-year history of socialism is a history of failure. Both the 70-year socialist practice in the Soviet Union and the 40-year socialist practice in China have suffered complete failure." According to these people, "socialism has lost rationality in its own existence" and should, therefore, be substituted by capitalism.

Such a view is totally unconformable to the history of the 20th century. The history of the 20th century has fully proved that it is socialism that has prevailed over capitalism, not vice versa. For instance, socialism has grown out of nothing and has developed from small to large and from few to many. Now there are 15 socialist countries that have communist-controlled governments in the world. After decades of socialism building, each and every socialist country in the world has developed greatly from its original basis. The Soviet Union has become a big power in the world, equal to the United States. The majority of socialist countries in Eastern Europe have developed into moderately developed countries that are currently catching up with the world's developed capitalist countries. A lot of socialist countries in Asia have gradually shaken off their past poverty and backwardness. The overall world situation shows that socialism is now on a par with capitalism in the world. As far as China is concerned, after more than 40 years of socialism building, China has made a lot of headway and scored tremendous achievements. During the first few years after the PRC was founded, China's industrial and

agricultural output ranked very low as compared with those of other countries in the world. In 1988, China's grain, cotton, meat, coal, and cement production output ranked highest in the world, China's steel output and electric energy production rose to the fourth position, and its petroleum production rose to the fifth position in the world. In a short span of 70 years, socialism has scored such tremendous achievements in the world. It would be totally ridiculous for us to think that socialism has suffered a complete failure in its global practice! It is true that, over the past 70 years, various socialist countries in the world have suffered setbacks, difficulties, and even failures in the process of socialism building. However, a few failures cannot be interpreted as complete and total failure. The entire 20th century is dominated largely by the formation and development of socialism. On this planet, the monopoly previously enjoyed by the capitalist system of exploitation has been smashed by the emergence of the socialist system, which is a completely new social system. The past 70 years have witnessed the socialist practice on this very planet. Over the past 70 years, various socialist countries in the world have carried out explorations, struggled for survival and development, and successfully carried forward their socialist cause. Although various socialist countries have suffered setbacks and failures, have failed to give full scope to the inherent superiority of socialism, which is a completely new social system, and have been facing rigorous challenges, socialism has become an invincible force not to be ignored in this world. The world situation characterized by peaceful coexistence between the socialist system and the capitalist system is the outcome of an international struggle. This fact itself has proved that socialism is still full of vitality and strength. In today's world, it is not that socialism "is dying out," "suffering from a crisis," or "coming to the end of its tether," but that socialism is in a period of transition and reform. History shows that the development of a social system is a long historical process and that all types of social systems are bound to experience difficulties, setbacks, successes, and failures in the course of development. The success of a social system is very often accompanied by some social disturbances. Socialism is no exception. Therefore, we should not lose our confidence in socialism simply because socialism has come across certain difficulties and setbacks in its development, still less should we think that socialism "has come to the end of its tether." The dawn of victory is right ahead of us. I believe that an era characterized by a much greater development of socialism will soon arrive in the foreseeable future.

Third, the theory that socialism is "modern feudalism." In order to negate socialism and implement capitalism in China, the diehard proponents of bourgeois liberalization brazenly asserted that China's democratic revolution is "not yet through." The Chinese society is still a "feudalistic" society in nature. What China has implemented over the past few decades is "modern feudalism," or "feudal socialism," or "feudalism painted in the

color of socialism." These proponents of bourgeois liberalization tried to launch a so-called "new enlightenment movement" in China, aimed at opposing socialism as feudalism. According to their logic, since China is "a feudalistic society" in nature and because a capitalist society is more progressive than a feudalistic society, China should well practice "total Westernization" and implement capitalism.

The assertion that Chinese society is "by nature" a feudalistic society is a totally groundless one. What these proponents of bourgeois liberalization are trying to do is to lump together, on the one hand, certain feudalistic remnants still existent in our country at the initial stage of socialism, and feudalism on the other. The nature of a society should not be judged by the subjective sentiments of a certain individual, but should be judged by an objective criterion, namely, by the system of ownership of production means, which occupies a dominant position in a society. Since we have already abolished the feudal system of ownership and the capitalist system of ownership and established the socialist system of public ownership through our revolution, our country is definitely a socialist country in nature. At the initial stage of socialism, there might still exist certain feudalistic remnants (such as the patriarchal system, the system of one person laying down the law, the system of lifelong tenure for cadres, nepotism, factionalism, personal protection umbrellas, and so on) and the influence of capitalist ideology in our country. Our party has also waged unremitting struggle against these phenomena. All these are facts that are obvious to all. How can we negate our country's socialist system and willfully regard our country's socialism as "modern feudalism" simply because the aforementioned phenomena still exist in our country? During our country's decadelong domestic turmoil, the Lin Biao clique and the gang of four opposed only capitalism, not feudalism, and they indiscriminately criticized and repudiated socialism as feudalism. Now, the proponents of bourgeois liberalization oppose only feudalism, not capitalism, and they criticize and repudiate socialism as feudalism in an attempt to bring shame on our country's socialist system. These people will never succeed in this attempt. Nonetheless, in order to push ahead with our country's democracy building, we should make redoubled efforts to resolutely eliminate all the remnants of feudalistic ideology in our society.

Fourth, the theory that "socialism is utopianism." Some Western scholars believe that socialism is "a fatal mirage in fantasy" and that the "socialist goal and plan will never be attained and realized." The diehard proponents of bourgeois liberalization in our country also sing the same tune: "Communism is a utopia;" "The Lushan Meeting erected the sacrificial altar for Utopia;" "What China has practiced over the past 40 years is 'utopian socialism'"; and "Mao Zedong was 'a modern utopian socialist.'" Some diehard proponents of bourgeois liberalization even assert that "scientific socialism has not yet become a real scientific system and has failed to realize the transition from utopianism to science."

The theory that "socialism is utopianism" is a total negation of the 100-year-old socialist theory and practice. It is known to all that from the mid-16th century to the early 19th century, utopian socialism prevailed in Europe for 3 successive centuries. Utopian socialism is a progressive social ideological trend aimed at reflecting and representing the interests and wishes of the working people and the proletariat and aimed at opposing the capitalist system and eliminating the confrontation between the rich and the poor in the early period. Because it is utopian in nature, it cannot push ahead with social development. One of the greatest achievements of Marx and Engels, the founders of scientific socialism, is that they successfully developed socialism from utopianism into a science on the basis of establishing the materialist conception of history and the theory of surplus value in the 1840's. Since then, utopian socialism, as an outdated ideological trend, has gradually died out and stepped down from the stage of history. On the contrary, scientific socialism has further developed in practice. It is under the guidance of scientific socialism and under CPC leadership that the Chinese people have consciously established a socialist society of profound scientific significance and have won a great victory in socialism building. It would be ridiculous for us to say that China's socialism is "utopian socialism."

Fifth, the theory that the "socialist system and capitalist system should merge with each other." The diehard proponents of bourgeois liberalization have followed closely in the footsteps of some Western scholars in giving enormous publicity to this "mergence" theory. These diehards hold that the more advanced a society becomes, the more the socialist and capitalist systems will merge with each other to become eventually "a postindustrial society" or "an information society" that is neither socialist nor capitalist in nature. The crux of this "mergence" theory is to negate the Marxist scientific inference that socialism will eventually replace capitalism.

How should we look at this question? There is no denying the fact that the world today is no longer a closed world, but an open world. As a result of this fundamental change, the two systems of civilization have developed certain similarities between themselves in the course of their respective development. As far as industrial structure is concerned, under both systems, there has emerged a so-called "tertiary industry," characterized mainly by the service trade. And, under both systems, the proportion of this so-called "tertiary industry" has kept expanding. In order to meet the needs of the new scientific and technological revolution and the open world, both systems are currently undergoing a reform. The socialist countries are currently carrying out reform of their economic and political structures, whereas capitalist countries are currently carrying out a reform characterized by readjustment. Both systems are now attracting each other and learning from each other to make up each other's deficiencies. While the socialist countries are allowing their private economy to flourish

within a certain scope, the capitalist countries are concentrating their efforts on nationalizing their economy. While the socialist countries are introducing the market mechanism, the capitalist countries are strengthening state intervention in their own economic life. Politically, both systems now attach great importance to democracy building. The form of democracy adopted by the socialist countries and the form of democracy adopted by the capitalist countries are identical to each other in many respects. However, this by no means suggests that the two systems have "merged" with each other or are "structurally identical" to each other. Phenomena always differ in nature. The two systems still fundamentally differ from each other with respect to economic basis, superstructure, production goals, and interests. It is impossible for a capitalist society characterized by partial and lopsided development to merge structurally with a socialist society characterized by comprehensive development. In today's world, the two different social systems still inevitably "overlap" each other sometimes, influence each other, learn from each other, and become identical to each other occasionally. However, this does not mean that the two different social systems have become totally identical to each other or have completely merged with each other. Both social systems will continue to develop according to their respective laws.

On the basis of history, some people in our country have also developed a so-called "convergence" theory. In order to implement their own ideas in China's reform so as to divert China's reform course, the advocates of this "convergence" theory went all-out to advocate "smashing both the socialist conventions and the capitalist conventions" and developing democracy in China. According to these advocates of this "convergence" theory, democracy is just democracy, which should not be divided into capitalist democracy and socialist democracy. In my view, there is no need to "smash either the capitalist conventions or the socialist conventions" because, if these conventions were smashed, China's reform would be led astray. I believe that the concept of "socialist and capitalist conventions" formed in the minds of the Chinese people in the long socialist historical process over the past many years is a manifestation of a high degree of socialist consciousness on the part of the Chinese people, which shows that the Chinese people have all along adhered to a firm and correct political orientation.

Hu Qiaomu Eulogizes 'Pioneer' Li Dazhao

*HK2011045589 Beijing RENMIN RIBAO in Chinese
2 Nov 89 p 4*

[Article by Hu Qiaomu (5170 0829 2606): "Commemorating Li Dazhao, a Great Pioneer of the Chinese Communist Movement"]

[Text] Today would have been Comrade Li Dazhao's 100th birthday. The CPC Central Committee Party History Research Center, Chinese Academy of Social Sciences, Beijing Municipal Party Committee, Hebei

Provincial Party Committee, and Beijing University are jointly holding an academic symposium on Li Dazhao to commemorate him as one of the major founders of the Chinese Communist Party, a great Marxist, and a proletarian revolutionary. It is of great significance to explore the effects of history on him and vice versa and to learn about his firm stand, warmheartedness, meticulous attitude, noble character, and sterling integrity as a patriot, revolutionary, educator, scholar, writer, and intellectual. On behalf of the CPC leading group for party history, I extend my warm congratulations on the convening of the current academic symposium and cordial regards to all Chinese and foreign experts and scholars participating in this symposium.

Li Dazhao was a forerunner of the Chinese communist movement. He was the first to hoist the banner of Marxism in China. He actively participated in and guided the May 4th New Cultural Movement and the May 4th Patriotic Movement. He educated and united a large number of revolutionary young people, including Mao Zedong and Zhou Enlai, and guided them onto the road to communism. Later, together with Chen Duxiu and Mao Zedong, he initiated and founded the CPC. He was one of the major leading members of the party at its initial stage. At that time, the contingent of the Chinese communist movement was rather small and weak, and the environment of their struggle could be very difficult. In pursuit of the lofty cause of communism, Li Dazhao went all out to blaze new trails on all fronts, including the workers, peasants, intellectuals, Army officers and men, and minority nationalities, with outstanding results. He also took an active part in helping Dr Sun Yat-sen reorganize the Kuomintang [KMT] to implement KMT-CPC cooperation and developed KMT and CPC organizations and work in 15 northern provinces and cities. Meanwhile, he continued to work hard in his academic posts and supported the revolutionary movement and impoverished students with his own income. On 4 April 1927, Li Dazhao was apprehended by the warlord Zhang Zuolin. The reactionaries in the north bitterly hated Li Dazhao and wanted him to be executed. In the wake of his betrayal of the revolution, Chiang Kai-shek sent a classified cable to Zhang Zuolin, ordering the latter to "promptly execute the Communists apprehended to avoid hidden danger in the future." Thus, our great forerunner Li Dazhao was eventually hanged on 28 April the same year. He sacrificed his life when he was barely 38 years old.

It has been some 60 years since then, and tremendous and profound changes have taken place in China. The seeds of the truth of communism sowed by such forerunners as Li Dazhao have grown, bloomed, and yielded fruits on China's soil. Of course, we are still at the initial phase of socialism, but beyond a doubt, it is the starting point of communism. This is what both we and our enemies understand. Although we are far away from the times Li Dazhao lived in, we can still see the greatness of his short life and feel his deep historical insight, the preciousness of his ideological value, and his lofty revolutionary morale.

Since ancient times, China's fine intellectuals have been known for their tradition of showing concern for the nation's fate. They have always regarded maintaining the world's great order as their duty and advocated the spirit of "worrying before the whole world worries, and feeling good only when the whole world enjoys happiness," and of believing that "every man has a responsibility for the fate of his country." Li Dazhao inherited and developed this tradition. When he was only 16 years old, he keenly felt the critical situation China was in, with the people plunged into an abyss of misery and China's territory becoming an object of contention and a theater of war in the Japanese-Russian war. Therefore, he determined to dedicate his life to the cause of rescuing the nation. The fact that he decided to change his original name of Qinian [5075 1628] to Dazhao, and his other name, Souchang [1108 2490], to Shouchang [1343 7022], was an expression of the way he constantly urged himself to strive unremittingly during his lifetime and to become a person of ideals and integrity. In his "Confessions of Goal," Li Dazhao wrote, "Ever since I was old enough to go to school, I have been determined to devote myself to the cause of national liberation and to put into practice what I believe in and what I have learned; I really do not care for myself whether I am a success or a failure."¹ A marked characteristic of his patriotism was that his fiery love for the motherland was woven with genuine concern for the fate of the Chinese people. Among the participants of the New Cultural Movement at the initial stage, many of them negated the three cardinal guides (ruler guides subject, father guides son, and husband guides wife) and the five constant virtues (benevolence, righteousness, propriety, wisdom, and fidelity) with the emancipation of individuality, and they played an active role in the struggle against old morals and culture. However, they lacked deep sympathy for people's extensive and long sufferings and were not psychologically prepared for the outburst of the masses' revolution. With Li Dazhao it was different. He lamented and worried about the dark realities in which "peasants are landless, workers are unemployed, and merchants are deprived of their stock."² He exposed the evils of the old system as spokesman of the people and plunged into the struggle for change. He believed that "a bright future depends on the will of our people and it can be created only with their strength."³ He had great hope and firm faith in the masses' direct actions.

Before the birth of the CPC, China's progressives worked hard to seek truly effective measures to rescue the nation from Western capitalist countries. Li Dazhao was also a genuine democrat, who hoped that China's independence and prosperity would be achieved through a capitalist republic. Going from democracy to communism starting from a patriotic stand was the common road adopted by many progressives at the time. The question is, why of all people was Li Dazhao the first to give up a capitalist program to build the nation and select the new socialist orientation? To my mind, two characteristics of his early thinking might have some direct impact on that change. First, he based his selection

of a road for China on what he thought would lead to people's happiness and emancipation. He saw that the republic founded in the wake of the revolution of 1911 was a republic in name only, and asked, "Would such a republic bring happiness to our people?"⁴ With the outbreak of World War I, he started to observe the Western capitalist system from the angle of world history and pointed out that "with the current World War, people are beginning to have doubts about the authority of European culture. The Europeans themselves cannot but review the true value of their own civilization."⁵ Thus, even when he was a democrat, he had his doubts and reservations about China adopting a plan for a bourgeois republic. In June 1916, he said, "Although the parliamentary political system is being conducted on an experimental basis, it is still difficult to see whether it is successful or not, or to forecast whether it will last or not."⁶ Just as Lenin put it when he criticized Herzen, such a theory of expressing doubt was a form of transition from the "class-transcending" fantasy of bourgeois democracy to proletarian class struggle, which is severe, indomitable, and invincible.⁷ Second, Li Dazhao had acquired factors of materialism and dialectics in his thinking early on. He stressed that people's knowledge must be "based on facts" and must be truth-seeking in "the pursuit of truth."⁸ He believed that the universe is full of contradictions, and it is precisely such contradictions that push forward changes. Starting from such a concept, he never stubbornly held fast to an opinion. He believed that society is forever making progress, and new things must be better than old ones. When he expressed doubt about the Western parliamentary system, he believed that the new system to replace it must be better. It was precisely because of this that he had deeper insight in the wake of the victory of the October Revolution and saw earlier than his contemporaries that the victory of that revolution was the victory of the common people and Bolshevism. He saw that the rise of socialism was the tide of the times and was sure that it would bring new hope for China's national emancipation. Although he was not the first in China to come in contact with Marxism, he was the first to draw a demarcation from bourgeois democracy and he became the first Marxist in China. As the earliest disseminator of Marxism in China, Li Dazhao treated Marxism with a scientific attitude from the very beginning.

First, he attached importance to the study of Marxist basic tenets and worked hard to acquire an overall mastery of the Marxist theoretical system and to grasp its essence and kernel. In his article entitled "My Marxist Perspective," he gave an introduction to the Marxist concept of historical materialism, the doctrine of class struggle, and economic theory. That could be the very first work describing and propagating Marxism in China. The article said, "Class struggle is like a golden thread that fundamentally links the above-mentioned major principles of Marx."⁹ For China at that time, the primary task was to carry out a revolution; it was only

natural for him to attach special attention to the Marxist concept of historical materialism and doctrine of class struggle.

Second, he was the first to point out that Marxism must be combined with China's actual conditions. When he was still a democrat, he dealt with the importance of correctly understanding China's national conditions. He believed that in thinking about the problems of China, it is impossible to "neglect China's national conditions."¹⁰ By national conditions, he was referring to "the national conditions of contemporary China" as well as "the past," that is, its history.¹¹ He believed that help with the issue of national conditions should not be sought from foreigners: "It is the kind of issue that should not be discussed with one's guests."¹² During the early phase of the New Cultural Movement, he did not adopt an attitude of total negation toward China's traditional culture as he revealed the contradiction between the doctrines of Confucius and Mencius. On the contrary, he was precisely the heir of the fine culture of China's tradition. He believed that there were merits and shortcomings in both Eastern and Western civilizations. Building the world's new civilization did not necessarily involve total Westernization, nor did it mean the total negation of China's traditions. The correct thing was for Eastern and Western civilizations "to learn from the strong points of alien schools to offset their own weaknesses."¹³ He wrote an article to oppose national nihilism and pessimism and expressed the view that "I am firm in the belief that our nation will revive and make new great contributions to world civilization."¹⁴ He investigated Russian civilization from the angle of the historical development of the world's cultures and held the view that "Russian culture has the characteristics of both the European and Asian civilizations." "The Russians are the only people in the world who are capable of creating a future new civilization that merges the characteristics of Eastern and Western civilizations and a new world civilization characterized by the best of Europe and Asia."¹⁵ That was precisely one of the important reasons that he called for "warmly welcoming the dawn of the world's new civilization" with regard to the Russian October Revolution¹⁶ and called for the Chinese revolution to follow the Russians' way. When he became a Marxist, he paid great attention to the practical applications of Marxism according to China's specific conditions. That explains his correct understanding of Marxism, his scientific world outlook, as well as the logical development of his thinking mentioned above. He pointed out that Marxism "was the offspring of the times."¹⁷ When we accept the doctrine of a scholar, "We should not forget the difference between the environment of his times and ours."¹⁸ A Marxist should study "how to apply Marxist theory to China's political and economic conditions today."¹⁹ The Beijing University Society for Research in Marxist Doctrine under his guidance sponsored a debate on "whether socialism is suitable for China," and he himself acted as the umpire. He also conducted research on such practical topics as "the actual conditions of the world's capitalist countries,

who plunder various weak nations in the world—with special attention to China.” He believed that socialism “has the inherent ability to adjust itself to reality”²⁰ when people “apply it to practical movement [1395 7139 4104 6663 0520],” and “a kind of change will occur, corresponding to the conditions of the time, cause, and nature of the matter,”²¹ that is, it will develop in the course of application. We should say that such concepts are rather outstanding. That fact that he set forth those concepts in the early phase of the Marxist ideological movement in China is all the more rare and precious. Labeling such precious concepts as pragmatism does not hold water.

Third, he believed that the matchless accomplishment of Marxism was its indicating “that socialism will never become a reality separate from the people themselves.”²² He attached great importance to the vanguard role of the working class in revolution by participating directly in the workers’ movement; at the same time, he also paid great attention to the peasants’ role as the principal force by actively mobilizing and organizing peasant struggles. When he began to develop the Marxist orientation, he wrote the article, “Young People and the Rural Areas,” believing that only by turning the dark countryside into a bright one could a basis and fountainhead for China’s democracy be found. Therefore, he called on revolutionary young people to go among the masses and to the rural areas. In his later articles, including “Land and the Peasants,” he discussed quite profoundly the peasants’ role in revolution and the need for revolutionaries to go to the rural areas. He said that revolutionaries should show concern for “the thousands upon thousands of peasants who are awaiting emancipation in the abyss of suffering;” “it is necessary to lead them out of the abyss to take a bright road.”²³ Based on that statement, many foreign scholars believe that Li Dazhao and Mao Zedong were characterized by a tint of the Narodnik; such a view has also found echoes in China. In fact, although Li Dazhao often praised the Russian Narodnik’s slogan, “Go among the people,” what distinguished him from the Russian Narodnik was that he did not have the view that the peasants were born socialists. Taking into consideration that the Chinese revolution was primarily a democratic revolution opposing imperialism and feudalism, while the basic issue of democratic revolution was precisely an issue concerning the peasants, we should acknowledge the fact that Li Dazhao paid great attention to the peasants, and his calling on revolutionaries to go to the rural areas was precisely part of his efforts to correctly apply Marxism to China’s realities. It was the same case with Mao Zedong.

Li Dazhao was originally a scholar. He took the road to revolution through exploring the truth of rescuing the nation and the people. When he became a revolutionary, he devoted the bulk of his efforts to revolutionary struggle. He applied Marxism to the important issues concerning the Chinese revolution and conducted explorations with bountiful results; moreover, he was active in the party work of organization and propaganda, the

workers’ movement and peasants’ movement, and the party’s United Front work, as well as in work on military affairs and minority nationalities. His untiring figure appeared in all of those fields, and he left glorious feats for posterity. It was only a 7- or 8-year span from the time he first engaged in the activities of founding the party to his sacrifice, but he made such tremendous contributions to the Chinese people and the party’s cause in so many aspects that people cannot help but be astonished and admire him.

However, as a revolutionary, Li Dazhao maintained his true colors as a scholar. After the party’s founding, he continued to be a professor at Beijing University and worked diligently in many branches of the social sciences. He was the first Marxist philosopher in China to apply dialectical materialism and historical materialism to observe and understand society, and he established historical studies with a Marxist approach in China. He wrote a series of works on the theory of history, including *The Essentials of Historical Studies*. He also did pioneering work in other branches of science. He was also a man of letters and wrote many well-known poems and essays. His was a most powerful style, the strokes of his handwriting were vigorous and bold, and his discussions were characterized by ease filled with passion. In his book *Critical Biographies of Twenty Contemporaries*, written in the 1930’s, Wang Senran [3769 2773 3544] said that, when Li Dazhao was editing the journal XIN QINGNIAN [NEW YOUTH], “Li Dazhao’s passionate style and sharp insight in his discussions added a sweeping momentum to the new literary world.”²⁴ After Li Dazhao passed away, Li Leguang [2621 2867 0342] risked his life to collect and preserve some of the former’s writings, while Zhou Jianren [0719 1696 0086] and others also did their best to collect Li Dazhao’s writings under extremely difficult conditions. Some of Li Dazhao’s pathfinding work in the ideological and cultural domain was unavoidably crude; however, his historical feats as the first in China to guide the revolution and imbue the fields of philosophy and social sciences with Marxism are indelible. In the preface to *The Collected Works of Shouchang*, Lu Xun wrote that piles of books written by swindlers both dead and alive had crumbled away, and book dealers would have to sell them at a 70- or 80-percent discount, “without thinking of their losses,” but “Li Dazhao’s writings will live forever, because they are the heritage of a forerunner and a monument in the history of the revolution.”²⁵

Li Dazhao displayed the unyielding integrity and lofty morals of a revolutionary. In him were crystallized the many virtues of the Chinese nation, and embodied in him were the fine traditions of the Chinese intelligentsia. All of this was elevated to a new plane when he became a Marxist. It was universally acknowledged that he was sincere, kindly, modest, and unaffected. At the same time, he was a man of principle, and he never retreated at the critical moment, but would always step forward boldly. His relatives and friends urged him to leave Beijing when he was wanted by the enemy, but he

insisted on staying because of his work. When faced with brutal torture when he eventually fell in the hands of the enemy, he flatly refused to yield the party's secrets, bore all the responsibility, and did his best to cover for and save the young people who had been apprehended with him. During the 20 or so days he was a prisoner, he did not say a word about his family. His sacrifice was heroic, and he laid down his life unflinchingly. He led a frugal life, spending the bulk of his income on the party's cause and helping others. Consequently, Beijing University had to deduct part of his income and deliver it directly to his wife, so that his family would not suffer from lack of money. "During his lifetime, he could provide his family only with some food and when he passed away the family had nothing; it was only due to the support of his friends that his funeral and burial were made possible."²⁶ He played an exemplary role in every respect. It was precisely because of this that he was greatly admired by all, friend and enemy, and everyone who came into contact with him thought highly of him. During the May 4th Movement, someone wrote a poem in praise of him and Chen Duxiu, referring to them as the "sun and moon" "who outshine all personalities, both living and dead."²⁷ Mao Zedong said that "both Li Dazhao and Chen Duxiu were the most outstanding leaders of China's intelligentsia at the time."²⁸ In the wake of his contacts with Dr Sun Yat-sen, the latter said that "Li Dazhao was a genuine revolutionary comrade," "whom I particularly admire and respect."²⁹ Li's contemporaries said that "He was a good friend, sincere and kindly",³⁰ "He was a perfect personality in contemporary China," and "his thinking, actions, and behavior and his ways of dealing with friends and family were impeccable."³¹

Once Li Dazhao personally wrote a couplet as a gift to his friend, which read: "To write with miraculous effects, with righteousness in one's mind." The author of this couplet was Yang Jisheng [2799 4949 4141] of the Ming dynasty, and the original version read: "To write without mercy, with righteousness in one's mind."³² Yang Jisheng, a successful candidate in the highest imperial examinations during the reign of Jiajing, also hailed from Hebei. He was thrown into prison for criticizing Prime Minister Yan Song [0917 1516] and was executed after suffering all kinds of cruel torture. Yang was a well-known person of ideals and integrity. Li Dazhao's selection of this couplet showed his admiration for persons of ideals and integrity in ancient times. His change of "without mercy" in the original into "with miraculous effects," also added some poetry to this couplet. This couplet may also serve as a vivid summation and truthful picture of Li Dazhao's entire life. Some people regarded Li Dazhao as "a model in morals and writing," which Li actually lived up to. In 1933, that is, 6 years after Li Dazhao was sacrificed, his good friends at Beijing University collected funds for his burial rites and for a tablet to be placed on this hero's tomb. They were Professors Wang Lie [3769 3525], He Jihong [0149 1015 7703], Shen Yimo [3088 0122 1075], Shen Jianshi [3088 0369 1102], Zhou Zuoren [0719 0155 0086], Hu Shi [5170 6624], Ma Yuzhao [7456 5940 5679], Ma Heng

[7456 5899], Jiang Mengling [5592 1125 7792], Fan Jixiang [2868 7139 2490], Liu Fu [0491 1788], and Qian Xuanton [6929 3763 0681]. Liu Fu wrote the inscription on the tablet, saying that the deceased was "meticulous and strict with his theory, had deep insight, and was broad-minded, and those who knew him could not help admiring him"; "he was kindhearted and sincere, but could be very strict with himself; he never tired of studying or helping others. As a result, he had many friends, and became famous far and wide." That showed that all scholars, no matter what their attitude toward Marxism was, acknowledged Li Dazhao's greatness in his thinking and character.

Today, as we commemorate Li Dazhao, it is necessary for us to learn from his revolutionary aspirations and lofty character, his righteousness, honesty, selflessness, and his spirit of making unremitting efforts to improve himself in order to inherit and develop his ideological heritage, from which he drew a powerful spiritual force. This is all the more important for us as we simultaneously build material and spiritual civilizations and wage unremitting struggles against the ambition of capitalist powers to subvert China, under the historical condition of reform and opening up to the outside world in the new historical stage of building socialism today.

Here, I would like to point out that the name of Li Dazhao, the forerunner of communism, is inseparable from Beijing University. He began his revolutionary activities in the "Red Building" and the library on the Beijing University campus. Beijing University's Marxist Research Society, under his guidance, won the support of university president Cai Yuanpei [5591 0337 1014] from the very start. The "Kang Mu Yi [0073 1970 5030] Hostel" (that is, the Communist Hostel), named by Li Dazhao and his students, was actually the two rooms specially provided by Chai Yuanpei for the society as a site for their activities. Many of the revolutionary young people, who later became communists in China, were members or correspondents of that society. The earliest members of Beijing's Communist Group were mostly students and teachers from Beijing University. Therefore, we can see that Beijing University boasts of not only the tradition of Chai Yuanpei, the great patriot and educator, but also the tradition of Li Dazhao, the great Marxist and revolutionary, as well as the tradition of studying and propagating Marxism and being one of the major places of origin of communism. These traditions emitted an eye-catching brilliance in the Movement to Resist Japan to Salvage the Chinese Nation as well as the struggle to resist the United States and to oppose Chiang Kai-shek. Beijing University has developed unprecedentedly since the founding of the PRC and approached a new scale and level in teaching and research in the natural sciences, social sciences, and humanities. However, some heartbreaking setbacks have occurred over the years. But Beijing University's glorious revolutionary traditions remain unshakable. Today, Beijing University was one of the initiating units of the current academic symposium, which is being held on the Beijing

University campus itself. That is only natural. Regarding its historical position and realistic responsibility, I believe the teachers and students of Beijing University will certainly adhere to and bring forward the revolutionary traditions initiated by Chai Yuanpei and Li Dazhao under the care of party and government leadership.

The histories of such historical figures as Li Dazhao are themselves part of the party's history. It is necessary for us to conduct truth-seeking analyses of them by studying them in their historical contexts, so as to arrive at an objective assessment. The more truth-seeking we are in assessing these figures in the party's history, the more truth-seeking we are in portraying their thinking, activities and characters, the more truthful and vivid our party's history will be, and the more convincing and effective it will be. The studies of Li Dazhao in historical studies circles have taken on a sense of prosperity in recent years. I hope that the current academic symposium will help deepen the studies of Li Dazhao.

Footnotes

1. From *Collected Works of Li Dazhao*, Vol 2, p 893.
2. *Ibid.*, Vol 1, p 6.
3. *Ibid.*, Vol 1, p 140.
4. *Ibid.*, Vol 1, p 4.
5. *Ibid.*, Vol 1, p 565.
6. *Ibid.*, Vol 2, p 168.
7. *Selected Works of Lenin*, Vol 2, p 446.
8. *Collected Works of Li Dazhao*, Vol 1, p 446.
9. *Ibid.*, Vol 2, p 50.
10. *Ibid.*, Vol 1, p 55.
11. *Ibid.*, Vol 1, p 113.
12. *Ibid.*, Vol 1, p 113.
13. *Ibid.*, Vol 1, p 110.
14. *Ibid.*, Vol 1, p 571.
15. *Ibid.*, Vol 2, pp 574-575.
16. *Ibid.*, Vol 1, p 575.
17. *Ibid.*, Vol 2, p 68.
18. *Ibid.*, Vol 2, p 69.
19. *Ibid.*, p 711.
20. *Ibid.*, Vol 2, p 34.
21. *Ibid.*, Vol 2, p 34.
22. *Ibid.*, Vol 2, p 64.
23. *Ibid.*, Vol 2, p 877.
24. See Wang Shenran's "Critical Biography of Mr Li Dazhao," in *Collection of Research Papers on Li Dazhao*, Vol 1, p 45, Hebei People's Publishing House, 1984 edition.
25. See *Complete Works of Lu Xun*, Vol 4, in the book *A Mixed Accent*.
26. See footnote 24.
27. See "Recollections on the Communist Hostel" by Luo Zhanglong [5012 4545 7893] in the article "Li Dazhao in My Recollection," p 35, People's Publishing House, 1980 edition.
28. See *Mao Zedong's Talks With Edgar Snow in 1963*, p 40, People's Publishing House, 1979 edition.
29. See Soong Ching-ling's "Dr Sun Yat-sen and His Cooperation with the CPC" in *Selected Works of Soong Ching-ling*, p 465, People's Publishing House, 1966 edition.
30. See "The Shouchang I Used To Know" by Zhang Shizhao [4545 1102 6856] in *Recollecting Li Dazhao*, p 146.
31. See "Recollecting Shouchang" by Zhang Shenfu [1728 3947 1650] in *Recollecting Li Dazhao*, p 61.
32. See "To Write Without Mercy" by Jia Zhi [6328 5347], carried in RENMIN RIBAO, 28 April 1957.

Association for Promoting Democracy Ends Plenary Session

OW1212181689 Beijing XINHUA in English
1544 GMT 12 Dec 89

[Text] Beijing, December 12 (XINHUA)—The China Association for Promoting Democracy (CAPD) will carry forward its glorious traditions and forever serve as the assistant and advisor to the Chinese Communist Party, according to a resolution adopted by the association here today.

The resolution, approved at the Second Plenary Session of the Eighth Central Committee of the CAPD, called on all the association's members to assist the government in the economic rectification drive and deepening of the reforms, make more investigations and take an active part in policy making.

At present, the resolution said, the association, one of the eight non-communist parties in China, must pay due attention to its own ideological and organizational building.

The five-day-long plenary session of the CAPD Central Committee closed here today.

Democracy Association Ends Meeting in Beijing
*OW1212145089 Beijing XINHUA Domestic Service
in Chinese 1128 GMT 12 Dec 89*

[Text] Beijing, 12 Dec (XINHUA)—At the closing ceremony of its second session in Beijing today, the eighth China Association for Promoting Democracy Central Committee exhorted its members to enlist the assistance of professionals, both inside and outside the association, in carrying out social work. The association also urged its members to broaden their vistas and to break new ground for economic construction and reform.

A resolution adopted by the session called on organizations affiliated with the association at all levels to step up efforts in investigation and study, and to actively participate in political discussions. The meeting stressed the need to improve the association's ideology and organization in order to cope with the current situation. It also called for improving the quality of the association's members and for strengthening the unifying and fighting powers of the association's affiliated organizations.

The meeting urged affiliated organizations at all levels to closely cooperate with concerned departments and to reinforce horizontal ties. It called on them to undertake educational projects and to help remote border areas with their knowledge. Efforts were also urged to provide scientific, technological, and economic consulting services and to convert educational endeavors into social productive forces to serve socialist modernization.

The affiliated organizations were asked to make further efforts in reform and education and to foster respect for teachers and education. The meeting urged the organizations to promote the spirit of dedication and to foster a desire to do good and practical work at a time when the nation is strapped financially and lacking in resources. Association members who are teachers were asked to give top priority to the political, ideological, and moral education of young students. They were asked to set an example for the students, impart their knowledge, and nurture qualified successors to socialism.

Chu Zhuang, vice chairman of the association, presided over the meeting. Other vice chairmen attending the meeting included Chen Shunli, Ge Zhicheng, Mei Xiangming, Chen Nanxian, and Deng Weizhi.

NATIONAL AFFAIRS, POLICY

Enterprise Managers Ask for Resolution of 'Urgent Problems'*90OH0119B Beijing JINGJI CANKAO in Chinese
29 Oct 89 p 1*

[Article by Fu Yong (0265 3938) and Chen Yun (7115 5366): "The Managers of 13 Large Enterprises Make Constructive Suggestions To Resolve Fund Shortage Difficulties and Safeguard Enterprise Development Reserves; They Propose Putting Into Effect Policies Favorable To Protecting Large and Medium-Sized Enterprises, and Taking Certain Steps To Resolve the Most Urgent Existing Problems"]

[Text] The managers of 13 large and medium-sized enterprise groups, such as the Nos 1 and 2 Automobile Factories and the Wugang Iron and Steel Corp, reported recently in Beijing that their fund shortages had reached such a degree of stagnation that it was difficult to maintain even normal production and management operations, and that there was a possibility that production would continue to decline for the next several months. They called on the relevant state sectors to take decisive steps to save this group of large and medium-sized enterprises that are of such importance to the nation's economy and the people's livelihood.

These suggestions by enterprise managers were made at a working conference of the "National Industrial Corporation Liaison Net." In addition to the Nos 1 and 2 Automobile Factories and the Wugang Iron and Steel Corp, the 13 enterprises that took part in the conference also included the Shenzhen Saige Group, Shanghai Standard Parts Corp, Chongqing Automobile Group, Shenyang Joint Wire and Cable Manufacturing Corp, Xian Electrical Power Equipment Group, China Four Joint Instrument and Meter Group, East Fujian Electrical Machinery Group, Shanxi Yuci Hydraulic Pressure Group, China Computer Service Corp, and China Great Wall Computer Group.

The shortage of funds was the major problem that they reported. Large and medium-sized enterprises can find no solution to the current issues they are facing of having to pay loans in advance, triangular debt, and poor sales, while price increases are intensifying the problems. The No 1 Automobile Factory reported that it did not know how much of the regional triangular debt starter funds assigned to it by the state that it would get, and local banks said that none of them were available. The No 2 Automobile Factory reported that, because it had 200 million yuan of creditor's rights but more than 300 million yuan of liabilities in 1989, its factory director in charge of finance did not dare to go to his office. The Xian Electrical Power Equipment Group reported that it had 100 million yuan of creditor's rights and 50 million yuan of liabilities in March 1989, but that its debts had risen to 120 million yuan, or equal to 30 percent of its 1989 sales volume, by August 1989. Not only did 4 of its plants stop production in the first half of 1989, but it

must also pay the taxes that it owes to the state, interest to banks, profits to public finance, and loans to consumers in the last half of 1989. It said that it could get too little of the 70 million yuan assigned to it by the Ministry of Machine Building and Electronics, and that it would lose all of its raw materials if it did not repay its loans to consumers. Some managers felt that although the present across-the-board purchase-control stipulations had effectively cut down social demand, they had also inhibited necessary social consumption and lowered effective social output. For instance, although large passenger buses are necessary to consumption, because their purchase is now being overcontrolled, many passenger bus manufacturers have become the sources of the automobile industry's triangular debt.

Raw material and power shortages were another rather glaring problem. Price increases for raw materials in recent years have raised product costs and clearly lowered profits. Statistics show that the purchase prices of industrial enterprises' major raw materials increased 72.1 percent, and that the prices of scarce materials, such as negotiated-price rolled steel, nonferrous metal, cement, and oil, doubled and redoubled from 1984 to 1988. The No 2 Automobile Factory earned 840 million yuan in profits in 1988, but is expected to earn only 650-700 million yuan, and its outlay for coal transport alone is expected to rise 100 million yuan in 1989. The Wugang Iron and Steel Corp reported that although its state-assigned directive production plans must be fulfilled, only about 80 percent of the necessary raw materials and power are generally being supplied since they are not covered by directive stipulations. It is alarming that an enterprise the size of Wugang Iron and Steel Corp has had daily coal reserves of only 3 to 4 tons, and sometimes even as little as 1 ton, in 1989.

The managers also reported the problems of bearing too heavy burdens and having too few reserves. The enterprises generally felt that their current tax and cost burdens were too heavy. Enterprises are losing 80 percent of their profits because of factors such as higher interest rates, increased tax categories, heavier commitments to buy government bonds and national treasury bonds, and more locally apportioned expenses. One manager said that enterprise operations are becoming increasingly short term since only a little more than 10 yuan of 100 yuan in profits is now actually being used for production development.

Thus, the managers of these 13 large and medium-sized enterprises made the following suggestions: 1) Policies favorable to protecting large and medium-sized enterprises should be put into effect, a list should be made of large and medium-sized enterprises to be given key support, and certain steps should be taken to resolve their most urgent existing problems. 2) More circulating fund loans should be allocated, loan amounts should be reevaluated and reset, and turnover funds needed by enterprises should be ensured. 3) Suppliers and consumers of raw materials needed for essential state-protected products and export goods should be allowed

to meet directly to reduce intermediate links. 4) Enterprise development reserves should be safeguarded. Based on its industrial policies, the state should raise the rate of depreciation of fixed assets and improve the capacity of certain industries to develop new products and engage in expanded reproduction. 5) National industries should be protected. Imports should be controlled, exports should be supported, and raw material price subsidies and tax allowances should be made for export products.

National Meeting on Economic Contract Arbitration Ends

*OW1612133889 Beijing XINHUA in English
0911 GMT 16 Dec 89*

[Text] Fuzhou, December 16 (XINHUA)—China's economic contract arbitration institutions have handled 241,171 disputes involving a total of 19.3 billion yuan since 1983.

This was disclosed at a national conference on economic contract arbitration that closed here yesterday. China introduced arbitration on economic contract disputes in 1983.

Gan Guoping, deputy-director of the State Administration for Industry and Commerce, urged local authorities to make the most of the independent arbitration courts' work.

He said some professional arbitration courts for construction, vegetable wholesaling, and technical and production material marketing could be established on a trial basis to handle important contract disputes in these fields.

PROVINCIAL

Shandong Promotes Increased Rural Sales

*SK1212023889 Jinan Shandong Provincial Service in
Mandarin 2300 GMT 6 Dec 89*

[Text] On the evening of 6 December, the provincial people's government sponsored a telephone conference on vigorously promoting sales of industrial commodities in markets and further making market arrangements for the busy season.

During the conference, Ma Shizhong, vice governor of the province, delivered a speech in which he stressed that industrial and commercial departments at all levels and enterprises throughout the province should actively begin to vigorously expand commodity sales to support industrial production's prominent role in having the province's economic arena achieve sustained and stable development.

Since the beginning of 1989, the province's general situation in both urban and rural markets has been good. However, some new trends have cropped up in market sales, including an increased scale of retail sales of social

commodities, which had declined on a large scale; a brisk supply and demand of commodities, which also declined; and stagnant commodity sales, which had expanded. There is a serious overstock situation in industrial and finished products, the production proportion of local products across the province has declined, and that markets' capability both to purchase and to stock has declined. One-fourth of the enterprises throughout the province have been on the edge of suspension or semisuspension of production. Expanding business and sales have become a crucial key to reversing the stagnant and weakening situation in the markets. In particular, vigorously promoting the sales of local industrial products has a vital bearing on promoting production development for the province's industry and communications front, ensuring the fulfillment of financial revenue tasks, and stabilizing the economy and the situation as a whole.

In his speech, Ma Shizhong stated that a busy season of market purchase and sales has come. Various localities, industrial and commercial departments, and enterprises should seize this favorable opportunity and adopt every possible way and means to do a good job in positively organizing the work of promoting sales of local industrial products. In carrying out business activities, we should change the traditional policy and strategy of business and sales, and simultaneously begin the task of promoting both purchase and sales, promote the production of both major and minor commodities, and promote the production of commodities whose sales are brisk, stagnant, or suspended. Efforts should be also made to stabilize or perfect a policy on promoting sales to enable the policies involved to be consistently and continuously enforced.

In concluding his speech, Ma Shizhong stated that the province's rural population accounts for more than 80 percent of the total and its rural markets are very vast. In the second half this year, the province released 15 billion yuan for purchasing farm and sideline products. Of these funds, the majority will be turned into consumer funds. Vigorously organizing industrial products to be sold in rural areas represents an important way out for improving the current weakening of the markets. Localities should make full use of the disparity of time and regions in utilizing urban and rural funds at different consumer levels, and deliver more commodities and goods needed by rural areas to the countryside.

Sichuan Vice Governor Urges Reduced Expenditures

*HK0912053489 Chengdu Sichuan Provincial Service in
Mandarin 2300 GMT 5 Dec 89*

[Excerpts] This year a good financial situation has arisen in the province as a result of meticulous economic work and increasing revenues and reducing expenditures. By the end of October, the province's financial revenues totaled 8.57 billion yuan, 87.99 percent of the planned target. Ten cities and prefectures including Chongqing,

Chengdu, and Liangshan fulfilled their targets for annual revenues at the end of November. [passage omitted]

At a telephone meeting last night, Vice Governor Xie Shijie pointed out that the present financial situation in our province is still quite grim. This finds expression in the slowing down of our province's economic growth, in arrears of tax payments and profit delivery, in an excessive increase in expenditures, and in laxity of control and management.

Xie Shijie stressed that, to do a good job in increasing revenues and reducing expenditures before the end of this year so as to ensure a balance between revenues and expenditures, all localities and departments are required to concentrate their efforts on ensuring the implementation of all measures concerning increasing revenues and reducing expenditures. [passage omitted]

On the provincewide financial, taxation, and price checks, Xie Shijie emphatically pointed out that all localities and departments should take further measures in light of their actual problems to ensure the fulfillment of all tasks in these checks. Serious violations of discipline that remain unchecked even after the deadline must be entered on the list of major cases pending examination. Auditing departments should strictly carry out auditing work over financial account settlements for this year and should seriously handle all the cases discovered. Screening small treasuries should be taken as an important task in the current general checks. [passage omitted]

FINANCE, BANKING

New Role in Economic Construction Suggested for Public Finance

90OH0122A Beijing JINGJI CANKAO in Chinese
30 Oct 89 p 4

[Article by Su Ming (5685 2494): "Better Financial Distribution To Bolster Construction Function"]

[Text] Whether the country's public finance should be devoted solely to providing food for the populace is a matter of orientation that has a bearing on both public financial system reform and macroeconomic control of the national economy; thus, it is an important, real economic problem that needs to be pondered.

1. Socialist public finance is finance for the building of the national economy and not just finance for the purpose of feeding the populace.

As a tool for the distribution of national wealth, public finance in China not only must enable the state to discharge its various functions as well as satisfy the financial needs of the whole society for development of educational and cultural endeavors, but also must shoulder the responsibility of raising and supplying funds for national economic construction. In fact, this constitutes the economic construction function of the

country's public finance. It is also an important feature of the country's socialist public finance, and a feature that distinguishes it from capitalist public finance.

Applied to China's specific circumstances in which the state-owned economy occupies a leading position, an objective requirement in running a planned commodity economy is the existence in the national economy of planned proportional development and resource allocation and optimization of the economic structure. One important element for beginning to genuinely satisfy this need is for the state to apply administrative, legal, and economic techniques for macroeconomic regulation and control of national economic activity, to simultaneously pay close attention to the use of the laws of value, and to use the regulatory role of the market to the full. Moreover, public treasury finance investment in economic construction is a powerful technique for state regulation and organization of economic performance. This is because financial revenues are an important tool for state distribution of national income and public treasury funds are funds that the state holds and controls directly. Therefore, public financial distributions can be most helpful in directly serving state functions. In the process in which the state is responsible for organizing and regulating economic activity, public finance can arrange for funds to be invested in industries whose development the state wants to encourage for the purpose of supporting important economic construction efforts, to regulate main proportional relationships in the national economy in order to advance the rationalization of the socioeconomic structure, and to advance the stable and coordinated development of the entire national economy. Clearly, under socialist conditions, the state's functions and the functions of public finance have expanded greatly.

China's experience over the years shows that full use of the role of state public finance in raising, supplying, and controlling funds is a major factor in macroeconomic planned regulation and control of the national economy. It provides powerful support in the form of financial resources for consistent and coordinated development of the country's national economy. Were the constructive role of national financial institutions to be weakened, and were there no ensurance of state-controlled financial resources, planned implementation of key economic construction would become an empty phrase. It would be impossible to live up to numerous major policy measures for reform of the economic system. Additionally, skillful handling and regulation of the economic interests among one sector and another, one region and another, and among the state, collectives, and individuals, particularly the economic relationships between economically developed areas and old, minority, border, remote, and impoverished areas would also be impossible.

A look at the USSR and the countries of Eastern Europe also shows that these countries likewise place extremely great emphasis on the economic function of public finance. They likewise devote extraordinarily great

attention to the role of state financial institutions in the process of social expansion of reproduction, financial disbursements by public finance for the building of the economy amounting to a fairly large percentage of the total, and also exhibit a tendency toward steady rise in some places. For example, state public financial investment in the building of the economy of the USSR amounted to 38.3 percent of total expenditures in the entire national fiscal budget in 1950. By 1981, this had increased to 59.6 percent. In Romania, the proportion was 54.4 percent in 1950, increasing to 59.6 percent by 1981. In Poland, it was 44.1 percent in 1951, rising to 61 percent in 1981. During this same period, the proportion remained at slightly more than 40 percent in Czechoslovakia. It should also be noted that modern capitalist countries have also begun to consciously apply financial distribution methods to intervene in economic life. By expanding public investment (including the allocation of funds, subsidies, credit, and discounting), as well as other economic methods (such as placing military orders and nationalization), they restrict the whole economic situation, and create a popular investment climate, thereby channeling and influencing economic activity throughout society. In recent years, for example, public investment in economic construction in the United States has amounted to 1.3 percent of gross national product. In the United Kingdom, it has been 5.6 percent, in Japan 5.1 percent, in Italy 5.2 percent, and in West Germany 4.6 percent. This shows that, even in capitalist countries where the private ownership system is overwhelmingly dominant, national public finance also plays a part in the building of the economy. So, in socialist China where the state-owned economy occupies a dominant position, why should national public finance withdraw from the field of economic construction, abandoning the distribution of funds for the building of production? Why should national public finance become concerned solely with providing the populace with food to eat.

2. Banks cannot substitute for the function of public finance in economic construction.

Public finance and banks are two sluice gates responsible for macroeconomic regulation and control of the movement of funds in society and for the distribution of national income. Close cooperation between public financial policy and bank policy helps invigorate the economy and stabilize the overall situation. Therefore, the state should use to the full the important role of public finance and banks in macroeconomic regulation.

The reality in China today is that the percentage of public financing is shrinking steadily while bank credit financing has increased tremendously. Given this situation, can banks be completely or mainly relied on to collect and supply the funds needed for future economic construction? No, they cannot, and the reasons are as follows:

First, a look at banks' overall situation shows that funds available to them for distribution are also in fairly short

supply. The state cannot rely on banks' increased issuance of currency to carry out economic construction. With the increase in recent years in unbudgeted funds and other social financial resources, bank savings deposits have increased very greatly; however, the amount of bank loans has also increased even more greatly. Since 1984, in particular, savings deposits from all sources have increased between 100 billion and 120 billion yuan annually, but bank loans have increased by approximately 150 billion yuan. Savings cannot possibly satisfy the demand for loans and the shortfall can be remedied only through the increased issuance of currency. If banks were to be assigned the task of future collection of funds for economic construction, that would further increase banks issuance of currency.

Second, the burdens that banks currently bear are extremely heavy. Formerly, the treasury increased the allotment of credit funds to banks each year; today, however, because of the decline in the amount of national treasury funds collected, not only has the treasury stopped the disbursement of funds to banks, but banks have also become responsible for a large amount of treasury deficit overdrafts. Formerly, enterprise working capital was supplied by both the treasury and banks, and there was little pressure on banks. However, because working capital is under the unified control of banks today, the pressure on banks has increased. The shortages of working capital that have occurred several times in recent years show that despite substantial increases in the amount of working capital that banks have provided, it still cannot satisfy needs for economic development. In addition, in recent years banks have begun to get involved in the field of investment in fixed assets, for a further expansion of the area in which they provide loans.

Third, bank investment credit is a kind of constructive capital, the percentage of which is gradually increasing in the structure of bank credit and the structure of fixed assets in society as a whole. However, in reality, bank credit in the form of such construction funds of an investment nature is used largely on high-priced, high-profit processing industries, while the industries that the country so urgently needs and key national economic construction projects continue to lack support in funds. Thus, the structural contradictions faced in the building of the national economy become worse. Realities demonstrate that it is the profit mechanism that prompts banks' issuance of credit funds. This means that banks positively cannot shoulder the task of collecting all the construction funds needed. The main channel for supply of funds to large and medium-sized basic and bottleneck industries that are part of the national economy should continue to be the treasury.

In future macroeconomic regulation and control of the national economy, a new distribution relationship pattern should be shaped between the public treasury and banks. The public treasury should avoid bank overdrafts through readjustment of the distribution structure, increasing the percentage of investment in the economy,

and striving to achieve overall balance, thereby reducing the banks' burdens. At the same time, banks should lend vigorous support to the public treasury. Some avenues of thought to be considered are as follows: When they have a surplus as a result of the readjustment of the credit distribution structure, and available funds satisfy their own needs for revolving loans, banks can purchase special public finance construction bonds. This would be an important way to convert banks' short-term funds into long-term funds for the treasury, and would also constitute a positive effort in the general application of public finance and bank functions to support national economic construction.

3. The contradiction between "small finance" and "big government" weakens the state's macroeconomic regulation and control capabilities.

A theoretical analysis shows the public finance function to be determined by state functions. The scale of distribution of public finance funds should be commensurate with the functions and scale of activities that the government assumes. Therefore, full use of the functional role of public finance (including the function of providing support to economic construction) to bolster the macroeconomic regulation and control capabilities of the state with regard to the entire national economy requires ensuring that public finance is able to amass and control sufficient financial resources. Moreover, realities show that imbalance between the ability of public finance to supply funds and the responsibilities that the government assumes shows up in a concentrated way in a conflict between "small public finance" and "big government."

One aspect of this contradiction is that since reform, the scale of the country's fiscal income and the development of the overall national economy has been characterized by distinctly unsynchronized growth. During the period 1978 through 1987, gross financial income increased 1.09-fold, in an average annual 8.6-percent increase. After deducting for price increases, the actual rate of increase in financial income was 1.6 percent. This was vastly lower than the average annual increase of 10.8 percent in social gross output value, 10.6 percent in the gross output value of industry and agriculture, and 9 percent in national income for the same period, calculated at constant prices. This state of affairs worsened in 1988 when financial income exhibited negative growth. This unsynchronized growth resulted in the gradual appearance of a trend toward incremental decreases in financial income as a percentage of national income. It fell from 31.9 percent in 1979 to 19.3 percent in 1988, the lowest level in the country's history. Considered in terms of the system, the deep reasons for this state of affairs were as follows: A "small public finance" line of thought was followed with regard to fiscal reform, blindly delegating authority and making concessions to enterprises in incomplete and uncoordinated reform of the overall economic system.

Another aspect of the conflict was that the state continued to organize a distribution pattern in terms of "large government." This was reflected in "state underwriting" in very many regards, and it became an increasingly strong tendency. One major regard was that, since 1979, the state several times raised procurement prices of agricultural byproducts and peasants benefited by more than 40 billion yuan annually from the price increases. However, the state continued to provide basic agricultural byproducts at low prices to urban residents. This required the payment each year of huge price subsidies out of public funds. Today a major change has occurred in distribution relationships between the state and enterprises, with enterprises' total profit retention rising to 60 percent. It should be said that most enterprises are themselves able to carry out self-transformation and self-development; however, enterprises still enjoy a preferential policy in being able to repay loans before taxes, the responsibility for these loan repayments ultimately falling on the treasury. It has been estimated that when enterprises repay loans from before-tax profits, the treasury bears 60 percent of the responsibility and the enterprise only 40 percent. With the dramatic increase in enterprise loans for investment and the rapid increase in the amount of loan repayments in recent years, the effect on the treasury has become greater and greater. In the course of reform, enterprises' authority to make their own decisions and to distribute financial resources have increased greatly; however, no competition mechanism to favor superior enterprises and eliminate inferior ones is in prospect. Even in a situation in which enterprises' financial resources are increasing and state financial resources are proportionally declining, the treasury continues to provide tens of billion yuan annually to subsidize enterprise deficits.

The contradiction between "small public finance" and "large government" intensifies public financial difficulties, fiscal revenues fall short of expenditures, and deficits occur year after year. The country is always in an overloaded, stringent operating condition, not being assured of sufficient financial resources to support economic construction. This greatly weakens state macroeconomic regulation and control capabilities. In recent years, the state has called repeatedly for vigorous bolstering of key economic construction and simultaneously gradually decreasing budgeted investment, which serves as the main channel for state investment in key economic construction. In 1987, 48.5 percent of the investment in fixed assets nationwide was paid for out of the national budget. In 1987, it declined to 13.2 percent. During the same period, the percentage of investment in economic construction paid out of the national fiscal budget also fell from 40.7 to 25.2 percent. This shows that the responsibility the government carries is extremely ill-suited to its actual investment actions and that state macroeconomic regulation lack needed financial support.

Therefore, in the course of future improvement of the economic environment and restructuring of the economic order, this contradiction between "small finance"

and "big government" must be diligently addressed and genuinely solved as the fundamental way in which to bolster the construction function of public finance and to improve state regulation and control capabilities. Solving this contradiction will also have to be done in two ways. First, it will be necessary to reform prevailing income distribution policies and to adopt stern tax collection and control measures to increase fiscal income as a percentage of national income. In today's world, in capitalist countries (such as the United States, West Germany, France, the United Kingdom, and Canada), in which the state is largely responsible for public consumption functions, fiscal income as a percentage of national income is generally held at between 30 and 45 percent. In some countries in which the government shoulders high welfare and high consumption burdens (such as Sweden, Denmark, Norway, and the Netherlands), this percentage is maintained at 50 percent or more. In the public finance of the USSR and East European countries, this percentage is generally 60 percent or higher. China is still a developing country in which the level of development of social productivity and the level of capital accumulation are fairly low; consequently, the percentage of treasury participation in national income distribution cannot be too high. However, in order to bring into play the treasury's function in supporting economic construction, and for state construction funds to play a guiding role in the socialist commodity economy, the present situation of a too low percentage of financial income must be changed. This percentage must be increased to between 25 and 30 percent. At the same time, "state underwriting" has to be changed, gradually getting rid of or reducing those payments still borne by the state in order to insure that the state is able to concentrate financial resources to do a solid job in managing several important matters in economic construction.

Overseas Banking, Insurance Branches Expanding

900H0108A Beijing JINRONG SHIBAO in Chinese
26 Oct 89 p 1

[Article by Mei Zhixiang (2734 1807 5046) and Zuo Jiqing (1563 1323 1987): "China's Overseas Banking Businesses Continue To Expand; the Bank of China (BOC) Holds a Meeting of the General Directors of Its Overseas Branches, and the People's Insurance Company of China (PICC) Holds a Meeting of the General Managers of Its Overseas Companies"]

[Text] Wang Deyan [3769 1795 5888], chairman of the board of directors and president of the BOC [Bank of China], said at the meeting of the general directors of its overseas branches that was held on 25 October 1989 that the BOC will continue to actively develop overseas markets and further expand its international business.

The BOC holds a meeting of the general directors of its overseas branches once every 2 years in Beijing. Over 130 general directors of relevant departments of the BOC's domestic and overseas branches in 12 countries

and regions, such as Hong Kong, Macao, London, Singapore, New York, Paris, and Luxembourg, took part in the 1989 meeting.

When discussing the tasks of the BOC's overseas branches during the 2-year period of improving the economic environment and rectifying the economic order in 1990 and 1991, Wang Deyan pointed out that, since the proper economic growth rate must be maintained on one hand, while all of the tasks involved in opening up to the outside world must be firmly accomplished on the other, there will continue to be a very large demand for foreign exchange. He continued as follows: Since the BOC is China's bank that specializes in earning foreign exchange and conducting foreign trade, it should take the initiative to help China resolve its difficulties and do everything possible to help it ease its foreign exchange shortage.

The BOC is China's major foreign window for fund-raising and centralized management of foreign exchange reserves. It has now opened branches in the major financial centers of 13 countries and regions. The constant expansion of these overseas branches has extended its international impact and improved its prestige. Since the 1987 meeting of its general directors, its overseas branches have accomplished a lot in the areas of building the domestic economy and serving China's reforms and opening up to the outside world. They have taken advantage of their rich endowments to provide China in various ways with as much as \$10 billion in foreign exchange. The domestic credit and investment surpluses of the Hong Kong and Macao branches that now top HK\$16 billion [Hong Kong dollars], have supported the development of China's coastal zones, the expansion of its export-oriented economy, and its imports of advanced technology, as well as speeding up the growth of foreign trade. The overseas branches have promptly realigned the credit and certification quotas of our overseas companies with the needs of national policies, provided them with many funds, and speeded up their healthy growth.

All overseas branches must continue to arrange for adequate funds to actively support China's four modernizations, reforms, and opening up to the outside world. They must keep domestic credit and investments generally in line with China's industrial policies and the demands of the 2-year period of improving the economic environment and rectifying the economic order in 1990 and 1991, cooperate closely with domestic central banks, better control loans and investments, and achieve greater economic efficiency with limited amounts of foreign exchange.

China's overseas insurance business grew quickly and achieved remarkable success in 1988 and 1989. Eight new insurance companies were set up and more than 10 new insurance categories were opened up in these 2 years. The income from property insurance premiums of PICC's [People's Insurance Company of China] Hong Kong and Macao insurance companies increased 17.8

percent and 32.6 percent, respectively, income from life insurance premiums increased 26.4 percent and 30.4 percent, respectively, and income from insurance premiums of all our overseas insurance companies increased at an average rate of 10 percent a year in 1988 and 1989.

At the meeting on 25 October 1989 of the general managers of PICC's overseas insurance companies, Qin Daofu [4440 6670 1133], chairman of the board of directors and president of PICC, fully affirmed the achievements of China's overseas insurance business in 1988 and 1989. He said that the key to whether China's overseas insurance companies will be able to expand steadily under the present conditions of sharp competition in the world insurance market and rising trade protectionism will be whether they can take effective steps to accomplish such things as setting up more branches, developing broader fields of service, raising the quality of service, improving management and administration, increasing economic efficiency, building a stronger corps of staff members and workers, and enhancing the quality of their overseas staff members and workers.

The present sustained low growth rate in the world economy is providing the opportunity for China's overseas insurance companies to open up local markets and expand local business. We should take advantage of this favorable opportunity to take an active part in competition, break into the world market, and expand our overseas insurance companies. It is hoped that our overseas insurance companies will continue to expand the scope of their operations and strive to join the ranks of large local companies as quickly as possible.

While this meeting of over 60 general managers of the PICC's overseas branches was being held, the directors and supervisors of the China Insurance Co, the China Life Insurance Co, the Taiping Insurance Co, and the Taiping Life Insurance Co were also holding joint meetings, at which some new directors and supervisors were elected.

MINERAL RESOURCES

Forum Urges Enforcement of Mineral Resources Law

*OW2111225589 Beijing XINHUA in English
1555 GMT 21 Nov 89*

[Text] Beijing, November 21 (XINHUA)—China still has heavy work to do in protecting the environment and imposing order on mining, although considerable progress has been made in implementing the Law of Mineral Resources.

Zhu Xun, minister of geology and mineral resources, made this assessment at a national telephone conference here today.

He said China's mineral resources have been severely damaged and wasted, and great damage has been done to the ecological environment.

The main cause of such waste and damage to mineral resources is ignorance of the law on the part of localities and departments that have connived in illegal activities.

Talking of the national investigation into the implementation of the Law of Mineral Resources, he said primary achievements have been made at various levels.

The national investigation was launched two months ago by his ministry, the Ministry of Supervision and the Bureau of Legislative Affairs of the State Council.

Zhu said painstaking efforts should be made to enforce the law in mining management and intensify rectification of the mining industry, especially township mining enterprises.

"We will also check up on the regulations laid down by local governments," the minister said, adding that any regulations against the present Law of Mineral Resources should be corrected.

He Yong, vice-minister of supervision, said supervision departments should deal severely with serious violations of the Law of Mineral Resources.

INDUSTRY

Economist Proposes Manufacturing Under Overseas Licenses

*OW1711193789 Beijing XINHUA in English
1215 GMT 16 Nov 89*

[Text] Beijing, November 16 (XINHUA)—China's machinery, electronics and light industries should manufacture under license from overseas businesses in an effort to develop the country's export-oriented economy, an economist has suggested.

He is Gao Guanjiang, from the State Council's Advisory Research Center on Economic, Technological and Social Development.

In an article in the latest issue of CHINA BUSINESS TIMES, he says the system, which he defines as original equipment manufacturing (OEM), is a form of international economic co-operation commonly used in many countries.

It means that the original manufacturer entrusts other enterprises to make products according to his design, standards and requirements. Alternatively, they combine their efforts to develop new products and the commodities are sold on world markets under the trademark of the original manufacturer.

Gao says the introduction of OEM, particularly in China's machinery, electronics and light industries, would help to develop China's processing ability and the

importation of advanced technology, as well as improve the quality of goods. This would also help China's enterprises to directly face and compete in world markets.

CHINA BUSINESS TIMES is a weekly recently started by the All-China Federation of Industry and Commerce.

Contract System 'Best Choice' for Guangzhou Enterprises

90OH0114A *Guangzhou NANFANG RIBAO in Chinese*
19 Oct 89 pp 1, 3

[Article by reporter Lin Yu (2651 5038): "The Contract System Is Still the Best Choice—Review and Prospects of the Reform of Guangdong Province's Industrial Management System"]

[Text] During the last 10 years of reform and opening up, in order to promote economic development, Guangdong Province continued to explore new ways to enliven enterprises. From the "Qingyuan experience" to the expansion of enterprises' right of self-determination, from the substitution of profit retention with taxation to the practice of "storing water to raise fish" and the subsequent introduction of competition to the contract system, the tortuous path has taught the people through practice that the contract management responsibility system is still the management practice most acceptable to enterprises and their staff and workers. Thus, it is only proper that we uphold and perfect this system.

The "Qingyuan Experience" Lit the Fire of Reform

Strictly speaking, Guangdong Province's industrial enterprises began to implement the contract management responsibility system in 1980, with the widespread promotion of the "Qingyuan experience." In the past, enterprises had no right of self-determination; even the simplest matters were decided by other departments. Enterprises were strapped tightly by an invisible rope. Such a defect in the management system seriously hampered the development of productive forces. In order to change this situation, in October 1978 comrades in Qingyuan County began to experiment with the above-plan profit retention reward system in a dozen or so state-owned industrial enterprises under the county's jurisdiction. A base amount of profit to be delivered to the higher authorities was stipulated for each enterprise; enterprises were awarded a percentage of any profit above the base. Subsequently, the county also let the economic commission manage enterprises directly, eliminating individual industrial bureaus. The economic commission would enter into a profit delivery contract with the financial ministry, and each enterprise was assigned a profit delivery base to help fulfill the contract. Because this method gave enterprises more right of self-determination, and because it tied the fulfillment of the state plan to better enterprise management and better staff and worker living conditions, it effectively mobilized the enthusiasm of enterprises and the staff

and workers. As a result, the same workers and enterprises were able to generate much more wealth for the state. Enterprises that had been losing money quickly turned things around and began to make profits. Many enterprises were able to produce more and better goods; they wasted less and lowered costs. Even some of the big money losers were able to turn things around and became big moneymakers. Qingyuan's bold and commendable experiment quickly lit the fire of reform, triggering massive debates at the province's industrial and communications fronts over the expansion of enterprises' right of self-determination. Enterprises urged that the old economic management mold be smashed; they demanded to be untied and wanted more right of self-determination. These debates, launched in NANFANG RIBAO, were eventually recognized by the provincial party committee and the provincial government as important. In August 1980, the provincial party committee and the provincial government reissued a report by Qingyuan County's party committee on the state-run industrial enterprises' trial implementation of the above-plan profit retention reward system and the reform of the industrial management system. Localities throughout the province were urged to disseminate the "Qingyuan experience."

At that time, everybody in the province had reform in mind, and people were excited whenever they talked about enterprises' expanded right of self-determination. Many enterprises experienced profound changes after they tried the "Qingyuan experience" for themselves. In a nutshell, changes were seen in the following areas: 1) Enterprises were no longer passive; they became active economic units, full of internal drive. 2) Enterprises were more able financially to be self-reliant in expanding reproduction and improving the collective welfare of the staff and workers. 3) The masses of staff and workers in enterprises could exercise more power as owners and decisionmakers. For these reasons, today when people recall that period of time, they all agree that the "Qingyuan experience" indeed marked the beginning of reform in the industrial management system in Guangdong Province.

The Contract System Has Revitalized Enterprises

Of course, back then, there were disagreements over the "Qingyuan experience," too. For example, some comrades were used to the old system of state monopoly of revenues and expenditures, and they believed that no matter how much profit enterprises made, everything should be handed over to the state and that enterprise spending required approval by the higher authorities. After reform was implemented, although enterprises were delivering more profits to the state than before, these comrades still resented the fact that enterprises were not handing over everything or they felt that enterprises were getting too much and the state too little.

When the state decided to substitute taxes for profit delivery in state-run industrial enterprises, however, the dozen or so enterprises in Qingyuan were the first to be

affected—they were forced to change to tax payment instead of profit delivery. But after the taxation system was implemented nationwide, because most of the profits realized by enterprises were eaten up by taxes, many enterprises quickly lost the ability to accumulate, to make self-improvements, and to grow. The workers became discouraged and enterprise profit began to fall. Faced with this negative situation, the central government came up with the contract management responsibility system in 1987. But as far as Guangzhou was concerned, even before that decision was made many localities were already practicing the contract management responsibility system, ever since the dissemination of the "Qingyuan experience." The most noteworthy were Shaoguan City and Maoming City. In 1986, state-run industrial enterprises in Shaoguan City began to "contract a fixed profit base, guarantee profit delivery, retain a greater share of above-base profits, and make up for below-base revenues." They described this system as "storing water to raise fish." This method mobilized the enthusiasm of enterprise managers and workers alike. Many enterprises were quickly enlivened. Based on the success of this system, they also began to invite bids for contracts and brought competition to the contract management responsibility system, changing the old practice of "haggling" between the two parties to the contract. In this way, enterprise managers quickly developed a new concept—in the past, I was told to be the plant manager; today, I want to be the plant manager. This brought a series of internal changes and, in turn, new vitality to enterprises. In the past, it was fairly difficult for enterprises to streamline operations, lay off workers, pay them different wages, or set quotas for senior advancement, but all these became possible for enterprises that bid for contracts. Meanwhile, Maoming City too began to implement the whole-staff collateralized contract system: From the plant manager to the staff and workers, everybody put up some money as collateral. This brought risk to the contract system and made the manager and the workers pay more attention to the enterprise's economic performance and in turn facilitated some comprehensive changes in enterprises. In July 1987, because of Shaoguan City and Maoming City's achievements, the provincial party committee and the provincial government convened a meeting on promoting thorough reform, and they also gave the two cities due recognition. Immediately, every industrial enterprise in the province wanted to contract its business. There have been clear breakthroughs in terms of scope and depth. Statistics gathered by relevant departments show that, by the end of 1987, 1,931 state-run industrial enterprises administered by the economic commission have implemented the contract system; they make up 94.38 percent of all enterprises in the province.

Perfecting the Contract System Is the Right Choice

Since the latter part of last year, however, enterprises have run into serious problems with fund, energy, and raw material shortages, which have brought many new

problems to the contract system. The most serious problems are: 1) Enterprises' fixed contract base is incompatible with the changeable external conditions. 2) Some enterprises are displaying short-term behavior. 3) Although egalitarian tendencies have been overcome, distribution has become unfair. Some people are perplexed by the contract system; some even doubt that it should be continued.

How should we deal with this situation? Looking at Guangzhou's own situation, first, we must acknowledge that the contract system has its merits. According to data compiled by relevant departments, if we compare the period 1987-1988, after Guangzhou's budgeted state-run industrial enterprises implemented the contract system, with the period 1985-1986, prior to the contract system, production has clearly increased at a much faster rate, and profit is also higher: the GVIO [gross value of industrial output] is 23.54 percent higher, realized profit tax is 13.28 percent higher, labor productivity is 25.49 percent higher, and the per capita tax revenue generation rate is 14.94 percent higher. This year, although Guangdong has been plagued by repeated natural disasters, although the supply of funds, energy, and raw materials has been very tight—especially since April, affected by the disturbance and rebellion in Beijing, which disrupted rail transport, enterprises have found it almost impossible to maintain normal production—the province was still able to generate 50 billion yuan in GVIO in the first 6 months of the year, 25.18 percent more than the same period last year. The budgeted state-run industrial enterprises also generated 20.93 percent more realized profit tax, and 26.23 percent more profit-tax was delivered to the higher authorities. Of course, this situation is the result of many factors, but the most important is that, after enterprises implement the contract system, workers' benefits are tied to enterprise production and operation, and so the masses of workers are eager to avoid all interferences and to focus on production. During the recent disturbance, none of Guangdong's enterprises shut down—this is the best proof. Meanwhile, the contract system has brought obvious benefits to the state, the most important of which is the steady increase in state revenues: Comparing the two 2-year periods before and after contracting, 12.67 percent more profit tax was delivered by the province's budgeted state-run industrial enterprises in 1987-88 than in 1985-86, and if we include other revenues, total income has increased 16.52 percent. In Yunfu County, 14 enterprises began contracting in 1984, and by 1988 profit tax delivered to the higher authorities had increased 8.17-fold; they account for 30 percent of the entire county's financial revenues (only 10 percent before contracting began).

Furthermore, we cannot expect the contract system to be perfect from the start. Things that are new are never perfect at the beginning. Today, exogenous conditions beyond enterprises' control are grim. Government and enterprises are not yet completely separated, and the contract system itself is still flawed. For example, management and operation rights are not clearly separated,

so it is difficult to prevent government departments from interfering unduly in production and business activities; setting a contract base can only stipulate profit requirements and limit losses, but cannot make enterprises take responsibility for their profits and losses; the state is contracting directly with the operator, so the workers' role as owners is not fulfilled. For these reasons, we should not be too demanding of the contract system, nor should we expect it to cure all ills and solve all enterprise problems at once. Today, some people blame the contract system for all the problems brought on by the loss of macroeconomic control and for the short-term behavior caused by uncoordinated reforms. Some even go so far as to advocate taking away enterprises' right of self-determination and to reject the contract system. Not only is this unfair, but it will also bring pressure and worry to enterprises. The correct attitude is to try to take vigorous action to perfect the contract system, set a proper contract base, reinforce enterprises' restraining mechanism, and do a better job with coordinating enterprise internal reforms.

Lastly, the more difficult things are, the more we should support the contract system. Today, enterprises are indeed facing many problems, but almost all enterprises we have contacted agree that the right thing to do is to uphold and perfect the contract system. Recently, I revisited Qingyuan County. The 15 state-run industrial enterprises under city [as published] jurisdiction are the original enterprises that brought about the "Qingyuan experience." A few years ago, because of the demise of the "Qingyuan experience," these enterprises had clearly become less profitable. By 1987, four of them were incurring losses. At that time, other localities throughout the province were implementing the contract management responsibility system, but not Qingyuan. They felt that their "Qingyuan experience" was, in fact, a contract management system, but when profit delivery was replaced by taxation, their system was rejected, and they were angry. But they could not stand by and let things fall apart, so, at the end of 1987, they began to study the contract management responsibility program carefully. Eventually, last year, they began to implement the system, and the result has been remarkable. Of the four enterprises that were incurring losses, except for Qingyuan Sugar Refinery, three have turned things around and are making money. Other profitable enterprises see their profits grow by leaps and bounds. This year, because of fund shortages and the weak market, these enterprises are facing more serious problems than last year. Statistics show that these 15 enterprises' additional burden for this year alone is equal to 60 percent of last year's realized profit. But because they are practicing the contract system, between January and July of this year, their GVIO increased 7 percent over last year's; their income from sales increased 36 percent, and taxes paid to the higher authorities increased 27 percent. Many plant managers have told me that, if not for the contract system, they would not have been able to absorb the higher expenses, and life would have been more difficult. A comrade compared today's economic reform

to a sports meet where enterprises are the athletes, the market is the sports arena, and macroeconomic control is the referee. To have a successful game, none of the three is dispensable. The most important element is the athletes' ability—enterprise vitality. If the athletes are not up to par, even with the best facility and the best referee, they will not set any record. Thus, comrades in Qingyuan maintain that, to enliven enterprises, the contract system is still the "best choice."

Shanghai Ends Steel Production 'Slump'

900H0115B Shanghai JIEFANG RIBAO in Chinese
5 Oct 89 p 1

[Article by reporter Jiang Jishen (3068 3444 3947): "Setting the Record for the Year: Shanghai Produced 416,000 Tons of Steel in September—17 Percent More Than in August"]

[Text] The steel production "slump" in Shanghai ended in July and August, and continuing this upward trend, output has also increased fairly substantially in September, producing 416,000 tons of steel, 17 percent more than in August, setting a record for this year. This is the generous gift to the state in celebration of the 40th National Day from the 150,000 staff and workers in the metallurgical industry, who, with the wholehearted support of the relevant departments, had to surmount many difficulties to accomplish this feat.

In September, Shanghai No 1 Steel Plant shifted into high gear and went all-out to surpass the old record of 170,000 tons and set a new record in steel production for the year. Shanghai No 3 Steel Plant's open-hearth furnace, electric furnace, and cast-steel branch plants also kept up a high, steady rate of production. Shanghai No 5 Steel Plant's No 1 Steelworks was able to fire up and overhaul the plant at the same time. It not only completed the repair job, but also produced an extra 1,125 tons of high-quality steel.

Based on a total of 3.05 million tons of steel already produced between January and September of this year, we will need to produce an average of only 39,000 tons per month during the fourth quarter to fulfill the goal set by Mayor Zhu of 4.20 million tons of steel this year. If the masses of staff and workers in the metallurgical industry keep up the hard work, and with the help and support of the relevant departments to overcome the most serious problems at the iron and steel fronts today—fund and raw material shortages, we will very possibly capture the "420 high ground."

SMALL-SCALE ENTERPRISES

Article Rejects Private Ownership Declaration

HK0212041089 Beijing XINHUA Hong Kong Service in Chinese 0308 GMT 2 Dec 89

[Report: "RENMIN RIBAO Carries Article Criticizing 'Declaration of Private Ownership'"]

[Text] Beijing, 2 Dec (XINHUA)—RENMIN RIBAO carries a lengthy article today saying that the "Declaration of Private Ownership—China's Hope" which came out during the turmoil in April this year is a "declaration advocating the capitalist road."

According to the 10,000-character signed article, the author of the "Declaration of Private Ownership—China's Hope" (hereinafter "Declaration") cooked up 10 major charges against public ownership saying that China's public ownership "exceeded the laws governing historical development," "restricted the development of productive forces" economically, and "there will be no genuine democracy and freedom under public ownership." Lastly, the author of the "Declaration" revealed its real intention by saying "China cannot have genuine democracy and freedom and cannot become strong unless public ownership, the root of the trouble, is eradicated" and brazenly inciting people to "sound the death knell of public ownership at an early date."

The article points out that the "Declaration" is an inevitable outcome of the spreading of the privatization tendency in recent years. It reflects the proposition and tactics of a very tiny handful of advocates of bourgeois liberalization at home, manifesting the crucial points of the political and economic programs of the plotters of the turmoil and counterrevolutionary rebellion which took place between last spring and summer.

The article believes that "it is an important task of the ideological and theoretical front at present" to refute the "Declaration" which runs counter to Marxism and historical trend and to eliminate the pernicious influence of the privatization tendency.

The article describes private ownership as "the root of all evil." "If we return to the capitalist road as proposed by the advocates of the 'Declaration' instead of upholding the predominance of socialist public ownership, it will inevitably lead to polarization. While using the blood and sweat of the laboring people to build up a 'middle class,' the majority of social members will again be reduced to dual enslavement by the foreign capitalists and China's own exploiting classes. The Chinese people will never allow this to happen. China's hope does not lie in private ownership. This is the conclusion drawn from the history of China."

Instead, China's hope lies in upholding socialist public ownership and in perfecting the socialist public ownership through deepening reform, the article said. Only by doing so can economic prosperity and social progress be ensured and can the people's status as masters of their own affairs be consolidated.

CONSTRUCTION

Tibet Accelerates Work on Major Projects

OW1012095589 Beijing XINHUA in English
0754 GMT 10 Dec 89

[Text] Beijing, December 10 (XINHUA)—Construction of major projects in southwest China's Tibet Autonomous Region, with a total state investment of 1.3 billion yuan (about \$350 million) is being speeded up.

These projects include expansion of the Gonggar Airport in Lhasa, construction of the hydro-electric power station at the Yangzhuoyong Lake, upgrading of three highways including the Sino-Nepalese highway, the third-stage project of the construction of the third-stage project of the second plant of the Yangbajain geothermal power station, construction of the 11 market grain producing bases and animal husbandry areas, transformation of the old urban area of Lhasa City, renovation of the Potala Palace, construction of the Luobusha chromite mine and the accessory projects to the 3,357 project aided by the World Food Program (WFP).

More than 71 percent of the cubic meters of earth and stone in building the ground and runways of the Gonggar Airport as designed has been done, according to today's PEOPLE'S DAILY, the country's leading newspaper. Construction of the 4,000-meter runways has started and is expected to be put into operation before the end of next year. The total investment on the expansion of the airport was 200 million yuan.

The Sino-Nepalese highway will link Lhasa and Nepal. So far, 70 kilometers of the highway have been built and three major bridges have been constructed. Started in 1986, construction of the highway is expected to be completed before the end of next year.

The transformation of the old urban area of Lhasa City started in 1979. So far, dangerous houses with a total floor space of 91,000 square meters have been improved and more than 1,300 families have moved into new houses. Construction of public facilities including a waterworks and a water supply system with a total length of 27.1 kilometers has also started.

FOREIGN TRADE, INVESTMENT

Foreign-Funded Enterprises Develop in Shandong

OW0712200889 Beijing XINHUA in English
1558 GMT 7 Dec 89

[Text] Jinan, December 7 (XINHUA)—The campaign to improve the economic environment and rectify the economic order in China is a golden opportunity for the development of 130 foreign-funded enterprises on east China's Shandong peninsula.

A total of 367 joint ventures, co-operative ventures and solely foreign-funded enterprises have been approved in this open economic zone. Contracted foreign funds total 500 million U.S. dollars.

From January to October this year, about 218 projects were approved in the Shandong peninsula open economic zone, which includes six open cities—Qingdao, Yantai, Zibo, Weifang, Weihai and Rizhao.

According to an official in charge of the zone, the foreign investment comes from 18 countries and regions of North America, Western Europe, Oceania and Southeast Asia.

Since July, five solely foreign-funded enterprises have been set up here and all have begun production.

Most of the foreign-funded enterprises on the peninsula have benefited from the economic adjustment carried out more than a year ago.

David Shu, a director of the Hong Kong Tung Chang Trading Company Ltd., has set up four joint ventures and solely-funded enterprises since 1984. He said foreign-funded enterprises here fully enjoy the right to make decisions independently, according to international practices and the relevant laws of China.

Du Shicheng, mayor of Yantai City, said despite the shortage of funds, the state is still promoting the development of transportation, telecommunications and electricity and other basic facilities to attract more foreign investment.

Du said due to the improved investment climate this year, the post-tax profit rate and foreign exchange earnings of 53 joint ventures in Yantai City will be twice as high as last year.

Weifang Yaguang Electronic Company Ltd., a Sino-Japanese joint venture, has played a leading role among the similar companies in China.

The daily production of microphones per worker is 480, 20 percent higher than the productivity level for similar products in Japan.

Yaguang Company has also set up co-operative ties with other famous Japanese companies, such as Sanyo and Naito.

According to Xu Shanyi, an official in charge of the coordination committee of the open economic zone on the peninsula, the province's Sino-foreign joint ventures, cooperative ventures and solely foreign-funded enterprises are concentrated in key industries like textiles, machinery, electronics, rubber, chemicals, medicine, building materials, energy resources, and transportation.

Productive enterprises make up 91.3 percent of the total, and 35 percent are export-oriented and technologically advanced.

The Chinese Government has decided to implement some new measures to support foreign-funded enterprises, including providing a portion of necessary raw materials, simplifying approval procedures for the establishment of foreign-funded enterprises, and further improving the investment climate.

Tibet, Nepal Hold Trade Talks

HK0912021789 Lhasa Tibet Regional Service in Mandarin 1130 GMT 6 Dec 89

[Text] Based on the principle of equality and mutual benefit, the trade delegation of the Tibet Autonomous Region of China and the trade delegation of the Kingdom of Nepal held several rounds of cordial and

friendly talks in the past few days on consolidation and development of bilateral trade and economic cooperation and on other issues. The two sides reached an agreement and officially signed a summary of talks on the morning of 6 December.

The trade delegation of the Kingdom of Nepal arrived in Lhasa on 1 December. Over the past 5 days, in a cordial and friendly atmosphere, this delegation held frank, sincere, and fruitful talks with its Tibetan counterpart on the 1990 plan for mutual supply of goods, the trend of mutual export for 1990, the trade meetings between Chinese and Nepalese border officials, cargo transportation through borders, and other issues, thus opening up vast vistas and laying down a sound foundation for expansion of bilateral economic cooperation and trade and for development of friendship between the two countries.

After the talks, the trade delegation of the Kingdom of Nepal held a return banquet to express its sincere thanks for the warm welcome and lavish hospitality the Tibetan regional people's government had accorded it and to celebrate the success of its visit to the region.

On behalf of the government of the Kingdom of Nepal, Mr (Gaotangmu), head of the Nepalese trade delegation, also sincerely invited Mr Mao Rubai to lead a Chinese Tibetan trade delegation to visit Kathmandu at a suitable time next year. The Chinese Tibetan side thanked the Nepalese guest for the invitation.

The trade delegation of the Kingdom of Nepal concluded its visit to Tibet on 6 December, left Lhasa by car, and returned home via (Zhangmu) border crossing post in Xigaze.

ECONOMIC ZONES

Shenzhen's Foreign Trade Enterprises Make 'Strategic Changes'

90OH0106B Shenzhen SHENZHEN TEQU BAO in Chinese 31 Oct 89 p 2

[Article by Wu Liancheng (0702 6647 2052) and Fu Qinghuan (0265 3237 3562): "Strategic Changes in Shenzhen's Foreign Trade Enterprises"]

[Text] Shenzhen's trade, its export trade in particular, has been faced with severe challenges, and its enterprises have been generally beset with difficulties in 1989, due to the impact of various objective factors.

Faced with this grim situation, most of Shenzhen's foreign trade enterprises have certainly not become flustered or hesitated to move forward, but have met the difficulties head-on, actively explored strategic foreign trade changes, tided over the difficulties, built up reserves, and laid a foundation for foreign trade exports in 1990 and 1991.

These strategic changes can be briefly characterized as follows:

1. From a sole dependence on bank loans to the use of diversified fund-raising techniques: Since banks took steps to tighten credit and raise interest rates, enterprise circulating funds have been clearly limited and reduced. Under these conditions, Shenzhen's foreign trade enterprises not only actively created the conditions to win vigorous support from the banking sector, but also actively explored ways to develop new means of financing, such as borrowing money from travelling businessmen or taking out mortgages on inland factories, to make up their circulating fund shortages and strive to develop their export trade. For instance, after professional trading companies, such as the "Jiabin" foreign trade group, had projected 1989's trade fund shortages back in 1988, they promptly began to compete in "three foreign" trade businesses for funds, raw materials, and markets and to "borrow boats to go fishing" for raw materials and funds from customers and other countries. They developed these foreign trade businesses quite smoothly and on their own initiative.
2. From a dependence on licensed management to using a combination of licensed and nonlicensed projects: After the state restricted or banned the export of commodities that were in short supply and great demand and category 1 and category 2 products, the former method of conducting export business by relying on state allowances and licenses no longer worked. So Shenzhen's foreign trade enterprises promptly readjusted their export product mixes to get around licensing restrictions as much as possible, and they developed export businesses in nonlicensed category 3 "dull goods" and specialized products, such as medicine, electronics, light industry, and industrial chemicals. While giving priority to doing a good job of exporting nonlicensed products, quite a few units also paid attention to exporting products with high tax refund rates, such as Western medical raw materials and cigarette papers in order to raise their economic efficiency.
3. From organizing sources of export goods from a distance to placing orders for supplies of export goods directly at factories or in producing areas: Certain foreign trade enterprises were accustomed to carrying out their export business as conveniently as possible, "conducting guerrilla warfare" everywhere, and taking advantage of whatever came their way. Consequently, they either wasted tremendous efforts earning tiny profits or made repeated management mistakes that caused economic disputes and enterprise losses. Whereas most of them have now learned lessons from their mistakes, abandoned their old management styles, changed their former business methods, learned to make nothing of hardships, gotten themselves moving, and gone directly to producing areas or factories to organize firsthand sources of goods or to conduct joint export ventures with inland units. Thus, they have improved their sales management profits.

4. From purely indirect trade to "processing orders in Shenzhen that are received from abroad" or exporting products that are imported and processed: Shenzhen's foreign trade groups began to make substantial profits in 1988 by exporting pig iron and cotton yarn that had been processed at inland factories from imported iron and cotton and by forming a foreign trade channel that involved the "three points on one line" of inland factories, Shenzhen, and foreign trade. This not only eased raw material shortages for inland factories that had been unable to work up to capacity, but also stabilized sources of supplies and export channels.

5. From simply buying products for export to making efforts to set up industries to produce more of their own products for export: Shenzhen's foreign trade groups, such as the Grain and Cooking Oil Import and Export Corp, the Southern Farm Reclamation Corp, and the Shenzhen Chicken Farm Corp, and enterprises, such as the Huabao Joint Industrial and Commercial Livestock Corp and the Animal, Plant, Seed, and Seedling Corp, all spent a lot of capital in this area and earned good profits. Statistics show that the proportion of Shenzhen's exports that are made in Shenzhen rose from 48 percent in 1988 to about 60 percent in 1989, which played a very good role in speeding up the growth of Shenzhen's export-oriented economy and helping it to take part in international exchange and competition.

6. From indirect to direct foreign trade: After Shenzhen's foreign trade enterprises came to the profound realization through many years of practice that developing direct foreign trade is an important way to earn more foreign exchange from exports and to improve economic efficiency, they began to try everything possible to accomplish things, such as not hesitating to spend large sums of money to train and recruit foreign trade personnel who know both foreign languages and their profession, joining with the interior by using "lateral contacts" to become more "export-oriented" and using "domestic links" to promote "foreign trade," developing "bullish" foreign management projects and channels to explore ways to conduct "foreign business" and become "foreign businessmen," and setting up network points and foreign trade "bridgeheads" directly at overseas markets.

These strategic changes enabled new growth to occur in Shenzhen's foreign trade, and made the value of its direct foreign trade exports more than 25 percent higher in 1989 than in 1988.

Commentary Defends Shenzhen's Use of Market Mechanism

90OH0106A Shenzhen SHENZHEN TEQU BAO in Chinese 31 Oct 89 p 1

[Commentator's article: "Planned Commodity Economies Are General Economic Characteristics of SEZ's; Studying Comrade Jiang Zemin's National Day Speech: No 6"]

[Text] In the current campaign to study General Secretary Jiang Zemin's National Day speech, some comrades have been asking whether developing export-oriented SEZ [special economic zone] economies, which use mostly market regulation, is consistent with the idea of planned commodity economies that was mentioned in the same speech. Seeing through appearances to get at the essence, and using the standpoint of Marxist dialectical materialism to analyze SEZ economies, will show that this is just a matter of wording, and of the particular operations and economic characteristics of SEZ economies.

The Shenzhen SEZ achieved economic success in a decade of reform and opening up to the outside world that has become the focus of world attention. It accomplished this by integrating its actual conditions with the guidance of the party's and state's correct policies, paying constant attention to market forces based on a planned economy, and correctly using, constantly exploring, and boldly practicing the socialist principle of "combining planned economies with market regulation."

Saying that planned commodity economies are general economic characteristics of SEZ's affirms the guiding role of planning, while explaining the general system in operation in SEZ economies. The facts clearly show that SEZ's in the national economy are not generally developed in unrealistic or laissez-faire manners, but rather through constant, planned macroeconomic regulation and control by SEZ governments. "Persistently combining planned economies with market regulation" allows the basic interests of state ownership to coexist with diversified ownership and is premised on ensuring the proper interests of the various owners of the means of production in SEZ's. The regulation and control functions of planning in SEZ economies are clearly shown in the following three areas: 1) "Planning agendas" are used to determine the SEZ's various economic relations with central and provincial governments and to keep them subject to macroeconomic regulation and guidance by the state's "planning agenda." 2) Governments formulate all economic development plans, targets, and regulation plans in order to ensure industrial orientation and development plans. 3) SEZ's bring into line with plans the price indexes of all key production and commodity circulation factors, such as population, talent, labor, finance, credit, capital construction, foreign trade merchandise, power, water consumption for production and subsistence, and daily necessities. The role played by "planning" as a means of macroeconomic regulation and control in economic construction gives us a better comprehension of the immediate significance for SEZ's of Jiang Zemin's thesis in his National Day speech that "the conscientious practice of planned, proportionate development of the overall national economy shows the superiority of the socialist system and is a basic characteristic of a socialist economy."

Planned commodity economies in SEZ's "are essentially different from capitalist commodity economies that are

based on private ownership and regulated mostly by spontaneous market forces." We can improve or increase planning a bit when necessary to actually regulate the overall national economy, while increasing market regulation at other times in order to make economic work a little more flexible. Basing SEZ economies on macroeconomic planning, regulation, and control, while allowing them to "use mostly market forces for microeconomic regulation," is the way in which SEZ's "persistently combine planned economies with market regulation." It is also an overall reflection of combining economic conditions with the degree of development to conscientiously observe and use the law of value, and, in a certain sense, it also shows that planned commodity economies have developed to a certain level. SEZ's encourage enterprises to play active roles in international market competition, to use the law of value on their own initiative to coordinate domestic and foreign economic activities, and to strive to create microeconomic climates that "use mostly market regulation." Practice has proved that the exchange of commodities among all SEZ enterprises, the exchange of domestic beyond-plan commodities, and the exchange of products, raw materials, and commodities on the vast international market can all develop in varying degrees, patterns, and scopes under the invisible force of "market regulation." SEZ's have now begun to establish markets for consumer goods, means of production, finance, labor, real estate, technology, and information. Not only are these markets providing extensive services to enterprises based on the role of the law of value, but enterprises are also making full use of them to create value and wealth for the socialist economy. "Market regulation" will play an increasingly important role in microeconomic activity in line with increasingly broader SEZ participation in international exchange and involvement in the international economy.

Having combined our study of Jiang Zemin's National Day speech with SEZ experiences, we have reached a profound understanding that it is entirely possible to boldly use the law of value and the market mechanism in a socialist planned economy, and that capitalism has no patent on such things. As long as we correctly combine visible planning, regulation, and control measures with invisible market regulation forces, and constantly explore and sum up the degree, pattern, and scope of our advances, we can enable our SEZ economies, that are generally characterized as "planned commodity economies," to continue to prosper, while contributing to the development of a socialist economic system with distinct Chinese characteristics.

LABOR

Labor Laws To Take Effect in 1990

OW2811062589 Beijing XINHUA in English
0155 GMT 28 Nov 89

[Text] Beijing, November 28 (XINHUA)—China will put into effect its first set of labor laws beginning next year, CHINA DAILY reported today.

Drafting of the laws over the past 4 decades has been speeded up recently to protect laborers' interest.

The set will lead to a whole system of about 10 labor laws and more than 20 regulations, which will be built up in the next 3 to 5 years. Currently the country has few labor regulations and administrative rules.

Xing Xinmin, an official in the Ministry of Labor, said that "The law is a basic for laborers" as the country institutionalizes its social and industrial life.

Covering various fields in social production including employment, wages, and insurance, the law will ensure that laborers enjoy the masters' role in the country, according to Xing.

The ministry's Drafting Committee of the labor laws, set up last February, has completed the third draft and is holding forums on the laws next month in four parts of the country.

The law is expected to be handed over to the State Council next year and then to the National People's Congress for approval.

"We are drawing from the experiences of foreign countries in the formulation of China's labor laws," Xing said.

Also on their agenda next year are laws governing safety and sanitation in mines, labor contracts, and professional training, and regulations on wages and working hours.

POPULATION

Sichuan Issues Family Planning Regulation

*OW0712195389 Beijing XINHUA in English
1607 GMT 7 Dec 89*

[Text] Chongqing, December 7 (XINHUA)—Sichuan Province in southwest China will issue a provisional regulation on family planning for the province's floating population next year. The decision was made at a recent meeting on the management of family planning for the province's floating population.

Zhong Kan, director of the Sichuan provincial committee of family planning, said the floating population produced nearly one million babies between 1984 and 1988 in Sichuan which already has more than 100 million people. To stop the trend, the province decided to work out methods to control the population growth.

Sichuan, China's most populous province, has been experiencing a baby boom for 13 years. An average of 1.8 to 2 million babies are born in Sichuan each year, but the floating population made the number bigger.

Zhong said a family planning network must be formed to control the growth of Sichuan's floating population.

China has a floating population of over 50 million, one of every 20 people in the country.

National Survey Indicates Transition in Family Structure

*OW0412203889 Beijing XINHUA in English
1434 GMT 4 Dec 89*

[Text] Beijing, November 4 (XINHUA)—Seventy-two-year-old Sun Daoyuan and his wife have been living with their daughter's family since his retirement.

They look after their little grandson and do household duties during the day, and enjoy family happiness at the dining table and before the television set when their daughter and son-in-law come back from work.

They are not alone in their enjoyment of family life. In fact, for most of China's 91 million aged people, family life is their chief shelter and source of pleasure until the end of their days.

A nationwide survey of people over 60 years of age, conducted by the Population Research Institute of the Chinese Academy of Social Sciences, shows that most of them live in households each with two or three generations.

The survey also shows that because of political, economic and cultural changes, China's traditional big united family has lost its vitality and has grown smaller.

Experts say this reflects the transition of the family power structure to some extent, and will surely shake the aged's traditionally dominant role in the family.

So far China's traditional family and social values have not been abandoned because of the changes. To support and respect senior citizens is still a social and moral obligation.

Although in recent years more and more elderly couples have tended to live by themselves, they still retain closer ties with their married children than the aged do in Western countries.

Xiong Yue, a researcher from the Chinese Academy of Social Sciences, said China's two generations still depend on and help each other economically and in daily life, and they have an obligation to support and help each other.

The data also shows that in China's vast countryside, in the remote and ethnic nationality regions in particular, the size of the traditional united family is larger than that in the city and is tending to increase.

Xiong Yu said this is mainly due to the low economic level of the rural areas.

TRANSPORTATION

China Eastern Airlines Imports Air Buses

OW2611212389 Beijing XINHUA in English
1514 GMT 26 Nov 89

[Text] Shanghai, November 26 (XINHUA)—The China Eastern Airlines got an A300-600 air bus from the Air Bus Industrie here Saturday.

The China Eastern Airlines has imported five passenger planes from the Air Bus Industrie in the past four years. The airlines will get another two A300-600 before the end of this year.

The newly bought air bus will begin its trial flight on November 28 to Guangzhou, the capital of south China's Guangdong Province. The China Eastern Airlines will use it for domestic and international flights beginning in December.

Railway Minister Notes Slump in Passenger Transport

OW2511121589 Beijing XINHUA in English
0907 GMT 25 Nov 89

[Text] Beijing, November 25 (XINHUA)—Minister of Railways Li Senmao today urged China's 3.2 million railway workers to work harder to fulfil the transportation quota set by the state and ensure the safety of passengers, here today.

Li said that safety measures must be strictly implemented so that state property and safety of travellers can be guaranteed.

He called on the ministry's 12 railway bureaus to strive to meet the transportation quota for major materials, such as coal, petroleum, timber, fertilizer, grain, ore and cement.

According to the minister, China's 54,000 km of lines moved a total of 1.23 billion tons of cargo in the first 10 months of this year, 50 million tons more than in the same period last year; the quotas for major materials were all topped.

Yet the minister also noted that the railways are now suffering from a slump in passenger transportation resulting from the price rises adopted in September this year.

Eastern Rail Network Construction Moves Ahead

OW2112045489 Beijing XINHUA in English
1050 GMT 20 Dec 89

[Text] Beijing, December 20 (XINHUA)—After three years of effort by 100,000 workers, 46 percent of the lines of the eastern China railway network are in use.

A state priority of the seventh five-year-plan, the eastern China railway project calls for the construction of 1,726

kilometers of new lines, double tracks and electrified lines and the cost to the state will be 7 billion yuan.

Construction of the project started in 1986. To date, 310-km of new lines, 271-km of double-tracks and 229-km of electrified railway have been completed.

Experts from the Railways Ministry say that when the project is finished in 1990, the traffic strain in eastern China, the country's most developed region, will be greatly eased.

Guangdong Issues Rail Construction Bonds

HK15N0153 Hong Kong HONGKONG STANDARD
(BUSINESS STANDARD) in English 15 Nov 89 p 1

[Text] The Guangdong provincial government has decided to issue bonds worth 180 million yuan (US\$48.7 million) to fund the construction of a rail line from Yaogu to Maoming. The issuing of the bond has already gained the approval of the State Council. The repayment period is over either three or five years. The five years bond will be issued to companies and collective enterprises with the face value amounts 1,000, 5,000 and 10,000 yuan at an annual interest rate 14 percent. The three years bonds will be issued to individual and private enterprises with face values of 50, 100 and 500 yuan. The annual interest rate is 13 percent. The Yaogu to Maoming rail line is one segment of the Sanshui-Maoming line. The Sanshui-Maoming line is a key project which will shorten the rail distance from Guangzhou to Maoming by 1,040 km. Total investment in the Yaogu to Maoming segment is about 800 million yuan. However, construction of the Yaogu to Maoming segment was almost halted during August after the Asian Development Bank suspended a promised loan. The bank promised to loan US\$67.5 million to the railway but the loan suspended after events in June. The Guangdong provincial government decided then to raise fresh money from its citizens through the bond issue and solve capital problem. The length of the Yaogu to Maoming section is 232 km, in three phases. Phase one, a 73 km long segment has been completed while phase two and three are under construction at the moment. The whole Sanshui-Maoming railway line is expected to be completed by the end of next year.

Guiyang-Kunming Railway Line Electrified

OW2911104589 Beijing XINHUA in English
0902 GMT 29 Nov 89

[Text] Beijing, November 29 (XINHUA)—Electrification of the Guiyang-Kunming railway line has been completed and will open to traffic by the year-end, the Railways Ministry announced here today.

Electrification of the line, which snakes 639 kilometers through the mountains on the Yunnan-Guizhou plateau, was completed in four years at a cost of 300 million yuan.

Electrification of the line will boost its annual handling capacity from 6.9 million tons to 19 million tons and help ease the traffic strain in the southwest.

Construction Begins on Xiangtan-Ji'an Railroad

40060018A Nanchang JIANGXI RIBAO in Chinese
26 Oct 89 p 1

[Summary] Construction of the Xiangtan-Ji'an railroad in Jiangxi Province started on 25 October, beginning with the section north of Xingan. The Ministry of Railroads' Number 16 Engineering Office will be responsible for the 113-kilometer-long section, which passes through counties and cities such as Xingan, Xiajian, Jishui, and Ji'an in Ji'an Prefecture. Work on the section south of Xingan will focus on construction of the 346-meter Wujiang bridge and the 272.8-meter Yijiang bridge.

New Berth Opens at Shenzhen's Yantian Harbor

OW2811094489 Beijing XINHUA in English
0633 GMT 28 Nov 89

[Text] Shenzhen, November 28 (XINHUA)—A berth capable of accommodating ships of 10,000 dwt [dead-weight tons] was opened yesterday in Yantian Harbor, Shenzhen, one of the four special economic zones in south China's Guangdong Province.

Yantian is one of the four international deep-water harbors to be developed in the country. It has been under construction since December, 1987.

Forty to 50 berths and 96 kilometers of railway to connect the harbour and the national railway network will be built in the next few years.

Five berths have already been built. The whole project will cost 1.237 billion yuan (about 330 million U.S. dollars) and be finished by the end of 1992.

Zhejiang Province Plans Expressway

OW1612063389 Beijing XINHUA in English
0200 GMT 16 Dec 89

[Text] Hangzhou, December 16 (XINHUA)—East China's Zhejiang Province will build a 150-kilometer expressway linking its capital, Hangzhou, with Ningbo City in 1991, officials said here today.

Total investment in the project will be less than 1.8 billion yuan, according to a provincial official.

Foreign tenders will be solicited for the project.

Construction will begin at the end of 1991 and the project is expected to be completed by the end of 1994.

The province is also considering an expressway to link Shanghai, China's largest city, with Hangzhou.

AGRICULTURE

Rising Agricultural Costs Discussed

900H0170A Beijing NONGYE KUALI YANJIU
[AGRICULTURAL ACCOUNTING NEWSLETTER]
in Chinese No 10, 8 Oct 89 pp 8-10

[Article by Huang Liangui (7806 6647 6311), Performance Department, Main Administration and Management Station, Ministry of Agriculture: "Changes in the Agricultural Product Cost-Benefit Ratio and Ways of Dealing With Them"]

[Text] According to Ministry of Agriculture survey data on agricultural product costs during 1988, costs continued to rise enormously, economic returns were not ideal, and an abnormal situation of disproportionate inputs and outputs occurred in which inputs increased but outputs either did not increase or the increase was quite small.

A. Price Rise Factors Accounted for More Than 80 Percent of the Sustained Enormous Rise in Agricultural Product Costs

During 1988, production costs of nine major farm crops, including grain, cotton, oil-bearing crops, and sugar crops averaged 147.71 yuan per mu, 29.82 yuan more than in 1987 for a 25.3-percent increase. This was another 10.6-percentage point increase over the 1988 rate of increase. The greatest rise was for sugar bearing crops (sugar cane and sugar beets) at 34.2 percent. Second was grain crops (wheat, paddy, and corn) at 29.8 percent. The soybean increase was 24.2 percent, and the cotton increase was 21.9 percent. The main features were as follows:

1. Rise in costs is higher than rise in wages.

Comparison of 1988 with 1987 showed a 32.9-percent rise in costs of materials and a 19.4-percent increase in wage costs.

The rise in material costs stemmed partly from increased inputs; however, the main reason was the rise in prices of materials. For example, the cost of chemical fertilizer, which accounts for more than 50 percent of material costs, increased 43.3 percent, the rise in prices accounting for more than 60 percent of the rise in cost. The percentage for corn was 88.1 percent; for rape, 81.4 percent; peanuts, 79.7 percent; paddy 73 percent; cotton 73.9 percent, and sugar beets 65.1 percent.

The increase in wage costs stemmed from a rise in the value of labor. Calculations based on data about living expenses required for reproduction by representative peasant family work forces in 1988 showed the value of a standard workday nationwide to be 3.34 yuan, up 21 percent from 1987.

2. Overall, production costs rose for all crops in all jurisdictions, more than half the provinces surveyed showing substantial increases.

Wheat costs were surveyed in 22 provinces, municipalities, and prefectures. In only three provinces did production

costs rise less than 10 percent. In 14, or 63.7 percent of the provinces surveyed, the rise was greater than 20 percent. This included eight provinces in which the rise was more than 40 percent. These eight provinces, municipalities, and prefectures were Gansu, Qinghai, and Ningxia in the northwest; Yunnan and Guizhou in the southwest; and Beijing, Tianjin, and Inner Mongolia in the north.

Paddy costs were surveyed in 19 provinces, municipalities, and prefectures. In only one province did production costs increase by less than 10 percent. In 13, or 68.4 percent of the provinces surveyed, the rise was greater than 20 percent. This included five provinces in which the increase was more than 40 percent: 84.1 percent for Tianjin, 51.1 percent for Hebei, 56.1 percent for Jilin, 46.4 percent for Guangdong, and 53.9 percent for Guangxi.

Corn costs were surveyed in 20 provinces, municipalities, and prefectures. Only in Anhui Province did production costs decrease by 0.1 percent. They increased in all other provinces, the rate of increase being greater than 20 percent in 12 provinces, or 60 percent of the provinces surveyed.

Cotton costs were surveyed in 12 provinces, municipalities, and prefectures. Only in Hubei Province was there a decrease—8.4 percent. In six provinces, or 50 percent of the provinces surveyed, the increase was greater than 20 percent.

Rape costs were surveyed in 12 provinces, municipalities, and prefectures. In only two provinces did production costs rise by less than 10 percent. In seven provinces, or 58.3 percent of those surveyed, they rose by more than 20 percent.

A survey of soybean production costs in eight provinces, municipalities, and prefectures showed a higher than 20-percent increase in production costs.

Peanut costs were surveyed in nine provinces, municipalities, and regions. In Hubei and Liaoning Provinces

costs declined. In four provinces, or 44.4 percent of those surveyed, costs increased by more than 30 percent.

Sugarcane production costs were surveyed in six provinces, municipalities, and prefectures. In four provinces, or 66.7 percent of those surveyed, production costs rose by more than 40 percent.

Sugar beet costs were surveyed in five provinces, municipalities, and prefectures. In three provinces, or 50 percent of those surveyed, the rise in production costs was greater than 30 percent.

3. The rise in prices of the means of agricultural production provokes agricultural product cost increases.

Preliminary calculations show that of the total increase in production costs per mu (29.82 yuan), 24.29 yuan, or 81.5 percent, was attributable to a rise in prices of the agricultural means of production, as well as for industrial manufactures used in rural daily life and nonstaple foods; 5.53 yuan, or approximately 18.5 percent, was attributable to increased material inputs.

B. Increased Investment in Agriculture Begins To Receive Serious Attention; However, Input-Output Effectiveness Is Not Good

As a result of national policies and actions taken in recent years to encourage local governments and the peasants to increase investment in production, state, local government and peasant investment in agriculture has begun to increase. This has been increasingly apparent in the case of fertilizer, which plays an important role in increasing yields of farm crops. In 1988, an average of 74.5 kilograms per mu of chemical fertilizer (actual amount) was applied to eight different farm crops (not including soybeans), 19.9 percent more than in 1987. Applications of organic fertilizer increased 2.5 percent. It is worth noting that increases in material inputs produced virtually no increase in yields per mu (0.35 percent). Yield per yuan of investment decreased 23.5 percent as shown in the following table.

Input-Output Effectiveness for Principal Farm Crops in 1988

Crop	Units: Kilograms					
	Amount of Chemical Fertilizer Used	Versus Previous Year + or - %	Yield Per Mu	Versus Previous Year + or - %	Yield Per Yuan of Cost	Versus Previous Year + or - %
Wheat	50.6	24.0	219.4	0.2	2.29	-22.4
Paddy	58.1	8.8	414.9	0.9	2.86	-23.1
Corn	47.4	3.0	330.7	3.2	3.52	-19.3
Cotton	56.7	11.4	56.8	-16.2	0.28	-31.3
Rape	44.8	8.8	89.9	2.5	1.04	-9.6
Soybeans			85.8		1.55	-33.5
Peanuts	58.6	8.1	144.7	-14.3	1.10	-15.4
Sugarcane	239.6	35.0	5,464.9	-3.2	14.43	-26.2
Sugar Beets	69.9	16.1	2,090.2	12.4	14.95	-21.9
Average	74.5	19.9		0.35		-23.5

Even more worrisome was grain production. Cash income from grain sales for the year was insufficient to pay the cost of materials. In 1988, the sale of wheat, paddy, and corn produced 49.58 yuan per mu in cash income, while payments for materials reached 55.48 yuan per mu. Other income had to be used to make up 5.90 yuan per mu of grain. Furthermore, comparison of 1988 with 1987 shows an income increase of only 4.26 yuan, or 9.5 percent, per mu sold, while costs of materials increased 13.48 yuan, or 32.1 percent, per mu.

C. Suggestions for Improving the Agricultural Production Input-Output Rate

According to input-output principles, under given conditions, when inputs of material or energy are large, output is large; otherwise, output is small. From an overall standpoint, China's current inputs into agriculture are very low. Increased material inputs is not only an objective requirement for the development of agriculture, but the effect on output should also be fairly marked. So, why did the aforementioned incongruity between input and output occur? The reasons may be found in the following situations.

1. An overly large disparity in comparative benefits caused a shift of the agricultural work force into nonagricultural industries. Many of those left behind to work in agriculture, particularly the work force engaged in grain production, were in poor physical condition and of poor quality. This adversely affected the role that material inputs should play.

As a result of the role of relative benefits, labor input into the farming of crops declined tremendously with each passing year. Only after 1986 did the rate of decline begin to ease. Nevertheless, there was still some decline, and in 1988 another 1.2-percent decline from 1987 occurred. In many places a situation occurred in which "crack troops and able generals ranged far and wide, but the old, the weak, the sick, and the disabled worked in farming." A survey conducted in Madian Prefecture in Henan Province showed 21 percent of the agricultural workforce in the prefecture to be illiterate or semi-illiterate. In a certain township in Suining County, 37 percent of the agricultural work force was 50 years old or older, and 8 percent of it had not reached adulthood. Because of their low educational level and poor technical quality, many members of the agricultural work force could not spread fertilizer or farm. They were unfamiliar with the various tasks required in production and they lacked traditional agricultural skills, to say nothing of modern agricultural techniques. A survey showed 37 percent of the rural work force understood traditional agricultural skills such as plowing, harrowing, and the growing of seedlings, and only 20 percent understood something about the growing of farm crops, fertilization, prevention and control of diseases and insect pests, and the breeding of superior varieties.

The result was misguided use of materials such as chemical fertilizer and pesticides, big inputs of materials

and slight inputs of human labor, and large inputs of chemical fertilizer, and scant inputs of organic fertilizer. This caused a proportional imbalance of inputs that produced not only serious waste, but also bad results. Departments concerned estimate the current utilization rate for chemical fertilizer in rural villages at only between 14 and 30 percent, and that more than 60 percent of the chemical fertilizer has no effect on the land.

The proportion of organic fertilizer used is decreasing steadily; organic fertilizer as a percentage of all fertilizer declined 17.5 percent in 1988, another 6.0-percent point decline from 1987.

2. The backward state of industries providing support to agriculture, and disarray in commodity circulation create a natural imbalance in material inputs.

Inasmuch as the industries that provide support to agriculture in China are deficit businesses making thin profits, whose ability to undertake technical transformation and technical innovation is weak, for a long time a shortage in the total supply of the agricultural means of production has existed alongside an irrational mix of varieties and specifications. On top of this was the disarray in the commodity circulation system, which created a natural imbalance in the proportions of the means of production that producers purchased. A survey showed that the shortage of means of production such as chemical fertilizer, agricultural pesticides, and diesel fuel, and the incompleteness of available varieties produced losses in grain production. In 1987, Sichuan Province lost approximately 1 billion kilograms of grain, and in 1988, Jiangsu Province lost approximately 500 million kilograms of grain.

In addition was the large influx into markets of low-quality chemical fertilizers, fake agricultural pesticides, and phoney improved varieties, which became a scourge in agricultural production. For example, peasant purchases of poor-quality phosphate fertilizer in Dongyu Township, Nantong City in Jiangsu Province resulted in a decline in yields of more than 310,000 kilograms, or an average decline of 175 kilograms per mu.

3. Failure to shape a fine mechanism and environment for inputs of agricultural science and technology impedes the combining of technical and material inputs.

In recent years, China has devoted very great efforts to increasing investment in agricultural science and technology and to the spread of science and technology, which have scored outstanding accomplishments. For various reasons, however, China has yet to shape and establish a fine mechanism and environment that encourages increased investment in science and technology and the spread of science and technology. Consequently, investment in agricultural science and technology has languished at inputs of materials. The spread of agricultural science and technology has been slow in speed and small in area. The vast majority of agricultural

techniques have not been rapidly translated into productivity. Pertinent data show that 70 percent of the technical achievements in agriculture that long ago reached fruition in China have not been applied. A survey conducted in Suiping County in Henan Province showed the spread of only 20 percent of agricultural techniques.

In this connection, the writer recommends the following:

(a) Adoption of truly effective measures for gradually narrowing the price scissors between industrial and agricultural products to increase the income of peasants engaged in farming, particularly grain farming, for the formation of an economic mechanism that encourages a flow of the work force into the farming industry.

(b) Full understanding of the important role of industries that support agriculture in the development of agriculture; formulation of tilt policies that help the development of industries to support agriculture, providing needed credit and tax preference to invigorate industries that support agriculture.

(c) Improve the economic environment and restructure the economic order in the gradual establishment of a means of production market flow system that is in keeping with China's rural situation. The taking of vigorous actions to halt the production and sale of fake and inferior quality agricultural means of production. Punishment of official profiteering in the means of production circulation field to stabilize means of production prices.

(d) Major efforts on the adoption of various means of helping the peasants understand and master practical agricultural skills and administrative and managerial knowledge to improve the quality of the peasants.

(e) Creation of a fine environment for investment in science and technology to enable the translation of science and technology into productivity with all possible speed.

Scientific and technical progress plays a major role in agricultural production. In some agriculturally developed countries, scientific and technical progress accounts for between 60 and 80 percent of increased agricultural yields. In China, by contrast, it accounts for only between 27 and 40 percent, a substantial difference. A large increase in investment in agricultural science and technology is the only way to bring about a fundamental transformation of China's backward agriculture. As Comrade Tian Jiyun [3944 4764 0061] said, "Agriculture must reach a new level and climb to a new stage. If we continue to rely on clumsy methods instead of emphasizing science and technology, I fear our goals will come to naught, and this task will be difficult of fulfillment."

Of greatest importance in the creation of a fine mechanism and environment that helps investment in science

and technology and the spread of science and technology is emphasis on legislation. In this regard, I recommend as follows:

1. Formulation of a law on investment in agricultural science and technology and the promotion of agricultural science and technology. Use legislation to set the goals, tasks, role, and position of agricultural research and the spread of agriculture and technology, specifying sources and amount of funds for agricultural research and the spread of scientific techniques, specifying economic benefits from investment in science and technology, and the spread of scientific techniques as well as the organization and the tasks to be performed in spreading agricultural technology.

2. Drawing up a project sequence table for the promotion of agricultural science and technology, setting priorities for the promotion of projects in different areas on the basis of the size of economic benefits derived from projects for the spread of agricultural science and technology, spelling out the key areas to be given support, and adopting tilt policies for the promotion of key projects. Drawing up of support policies and organizational implementation methods to implement the sequential tasks for the agricultural science and technology projects to be promoted.

At present, most important is vigorous promotion of already well developed applied agricultural technology, spending less money for greater output. For example, blended fertilizing techniques can reduce the amount of fertilizer needed by 10 percent and increase yields 10 percent. Another example is the use of superior hybrid varieties of paddy and corn, which can increase yields by an average 20 to 30 percent. Rare earth agricultural techniques are another example from which the probability of increasing crop yields is as much as 90 percent, yields increasing between 8 and 10 percent in the achievement of high returns at a low cost. The rare earth ratio between investment and return is 1 to 7 for grain crops, and approximately 1 to 10 or higher for cash crops.

Article Relates Success of Farm Commodity Bases

90OH0067A Beijing JINGJI RIBAO in Chinese
14 Oct 89 p 2

[By reporter Zhang Zichen (1728 1311 5256)]

[Text] How are we to break free of the fluctuations that have afflicted agriculture since 1985? How do we lay a good foundation for stable agricultural growth from now on? This has been one of China's economic objectives for the past several years and of major concern to various sectors of society. For this reason, the state has adopted a number of measures and methods in the past several years. This has included constructing the first batch of farm commodity production bases under the Seventh 5-Year Plan. During the last 3 years, 576 farm commodity production bases under the Seventh 5-Year Plan have been set up as county projects throughout the

country, and the rise across the land of this new force in agriculture has riveted people's attention. Authoritative sources and experts think that the expansion of this new agricultural force will definitely bolster somewhat the assurance and courage needed to meet the difficult goals for agricultural growth in the coming years. At present, China's second batch of 227 farm commodity production bases under the Seventh 5-Year Plan is now being set up as county projects. It is without doubt extremely important to the growth of agriculture as a whole that we conscientiously sum up our experiences and promptly set forth workable measures to counter problems that arise.

The formation of this new agricultural force from 1986 to 1988 was, in fact, a reflection of the state's policy of agricultural inclination. It achieved some remarkable results.

- The input-output benefits have been high. According to statistics from 111 commodity grain base counties and calculated for the past 2 years solely on the basis of grain contract fixed purchases, there was a 2 billion yuan increase in value with an input-output ratio of 1:5.2. Total grain production increased nearly 4 billion kilograms, an increase of 5.3 percent. This was 1.6 percentage points higher than in the country as a whole and accounted for 15.6 percent of all commodity grain sold to the state. The commodity rate in 50 counties reached a high of 41 percent.
- Yields have increased and quality has improved. The area planted to fruit trees in 60 fruit base counties has increased by nearly half and, compared to before the bases were set up, the 1988 yields increased by 45 percent. Production increases for vegetable and tea bases have averaged 20 percent or higher. At the same time, the quality of commodities has improved constantly. More than 80 varieties of special types of vegetables introduced and grown at a high-quality vegetable base in Beijing Municipality have now met export-quality standards.
- The economic development of agriculture has been speeded up. The 1988 agricultural output value in 111 commodity grain base counties has increased 13 percent compared to 1986 and the average annual income of the peasants is 500 yuan, an 80 yuan increase. We have also tapped valuable resources here by training 3,833 peasant technical personnel, by popularizing nearly 3,000 new skills, and by improving irrigated areas and transforming approximately 4,000 mu of low- and intermediate-yield land.

The key to success in setting up the commodity bases comes from an optimum mix of funds, goods and materials, and scientific and technical investment.

First, a specific amount of funds must be raised to set up the bases. Some excellent funding methods were initiated in setting up the bases we now have, for example, from complete reliance on state allocations from the Sixth 5-Year Plan to a combination of reallocating funds,

reallocating loans, and bank loans. In addition to state and local investment, they also attracted investment by business groups, foreign capital, and funds pooled by the masses, thus drawing on the state and other sources for their overall investment combination.

Second, the funds were utilized on a centralized basis, combining "tangible" and "intangible" conditions. To overcome the former disadvantages of decentralized utilization and overlapping management, funds were released according to projects with the counties as the units. At the same time, investment was focused on building basic agricultural facilities. For example, funds for grain, cotton, and oil bases were used mainly to improve overall production capacity and their social services. And for high-quality farm commodity bases, funds were used mainly for facilities to breed improved preproduction varieties, for popularizing new techniques, and for postproduction marketing.

Third, a three-way combination of production, scientific research, and education was used. At present, there are roughly three ways of applying the combination of production, scientific research, and education. The first is the loose style of integrating the three methods according to the needs of individual work. The second is for agricultural departments to use investments in bases to strengthen the building of scientific research units, institutions, stations, and farms to enable the bases to have their own technical support. The third is to conduct scientific research at the base by organizing farm production and scientific research into a single system combining production and research, thus gradually transforming the base into a region that applies advanced agricultural scientific and technical methods to its production. From the standpoint of effectiveness, the latter two ways are the best for optimizing the investment of funds, goods and materials, and science and technology.

Fourth, running a base as an economic entity increases its vitality. In their effort to transform agriculture's weakened position, by relying on the bases and making use of their "well-known special preferences" to make breakthroughs, agricultural departments have made economic entities which form integrated systems for procuring supplies, for production, and for marketing. This has been one of the more forceful means of promoting bases.

This has been a crucially important year for farm commodity production bases and the tasks have been onerous. Not only was the first batch of bases checked and accepted, their management strengthened, and their positions consolidated, work was also begun on opening a second set of bases. Strengthening the management of bases already established, while at the same time focusing equal attention on setting up the new bases, has required the utmost effectiveness.

From what we understand, this year the state and localities will, at a 1:1 ratio, continue to provide the

required investment in the amount of 560 million yuan to set up 80 commodity grain base counties, 41 high-quality farm commodity base counties, and 116 "well-known special preference" projects. To accomplish this, the Ministry of Agriculture must, while considering the setting up of bases in an overall context and at the same time drawing on the experience of those already established in various places, give precedence to grasping the following three things:

First, the relationship between grain crops and cash crops must be properly handled. The policy of "sparing no effort to promote grain production and to actively develop diversified undertakings" should be decisively implemented. Irrespective of the type of base involved, grain production cannot not be slighted. Both the old and new commodity grain bases in particular must give top priority to grain production, guarantee the areas sown to grain, and utilize investment to set up the bases to vigorously improve production conditions and, thus, per unit area yield.

Second, policy questions must be carefully decided. For example, the following problems must be conscientiously studied and resolved: The commodity grain base problem of valuating related grains; the high-quality cotton base problem of purchasing, processing, and managing seed cotton; the high-quality farm commodity base problem of exemption from loan reallocation; and the high-quality rice base problem of supplying their processing plants with raw materials and the problem these bases have with circulating funds with respect to the preferential policy of agricultural departments of implementing an integrated system for the procurement of supplies, production, and marketing.

Third, attention should be focused on working out a developmental program for building farm commodity bases under the Eighth 5-Year Plan. Because of limitations on base investments to be imposed during the Eighth 5-Year Plan, the building of farm commodity bases will be expanded somewhat only in those regions which are most suitable. The various localities must take full advantage of the positive results gained by the regionalization of agricultural to do a proper job of investigating and gathering evidence so that by the end of 1989 they will be able to propose initial planning and projects in line with China's overall Eighth 5-Year Plan.

October Cereal, Oil Imports

HK0712142189 Beijing CEI Database in English
7 Dec 89

[Text] Beijing (CEI)—Following is a list showing the volume of China's imports of cereals, oils and food in October 1989, according to primary statistics released by the General Administration of Customs.

Item	Unit	Oct	Jan-Oct
Cereal	ton	1,671,295	14,342,661
/mWheat	ton	1,566,344	12,785,174
/mSoybean	ton	35	730
Sugar	ton	123,488	1,444,546
Animal oils and fats	ton	8,100	88,300
Edible oil	ton	84,588	700,303
Other oils	ton	70,688	530,132

October Exports of Cereals, Oils

HK0712140389 Beijing CEI Database in English
7 Dec 89

[Text] Beijing (CEI)—Following is a list showing the volume of China's exports of cereals, oils and foodstuff in October 1989, according to primary statistics released by the General Administration of Customs.

Name	Unit	Oct	Jan-Oct
Pig	head	245,712	2,467,955
Poultry	in 10,000	372	3,689
Beef	ton	2,462	51,175
Pork	ton	7,381	80,368
Chicken	ton	2,355	22,324
Rabbit	ton	2,218	16,100
Egg	in 10,000	49,708	510,822
Aquatic	ton	25,382	212,215
Fish	ton	3,828	36,457
Prawn	ton	7,810	35,370
Cereals	ton	346,430	5,363,856
Rice	ton	24,488	264,994
Soybean	ton	62,774	995,215
Pulses	ton	39,323	315,138
Maize	ton	182,271	2,845,472
Vegetables	ton	95,180	649,181
Fruit	ton	41,106	156,886
Orange	ton	603	24,890
Apple	ton	28,005	45,658
Sugar	ton	94,667	337,234
Canned food	ton	41,728	452,475
Pork	ton	7,151	74,136
Vegetables	ton	24,742	270,737
Fruits	ton	6,015	54,671
Others	ton	3,820	52,932
Vegetable oil	ton	4,237	36,233
Peanut	ton	7,766	239,413

Hainan To Implement Spark Plan

HK0812103189 Haikou Hainan Provincial Service in Mandarin 2300 GMT 2 Dec 89

[Excerpts] A 2-day meeting on the province's spark plan, the first of its kind in Hainan, concluded yesterday. The meeting proposed that during the Eighth 5-Year Plan (1990-95), the province's spark plan should be aimed at developing 50 projects with an investment of 100 million yuan and an expected output value of 300 million yuan. [passage omitted]

The meeting pointed out that, in implementing the province's spark plan, it is necessary to fully utilize its tropical weather, rich water resources, and unique geographical position as well as the preferential policies provided for the province. It also necessary to develop tropical crops that can help increase foreign exchange income, marine products, and competitive commodities. [passage omitted]

Vice Governor Xin Yejiang attended and addressed the meeting. He said that the province's spark plan will be aimed at developing the province's economy and agricultural production by means of science and technology. The province's agricultural population accounts for 80 percent of its total population, its agricultural output value accounts for 60 percent of its gross industrial and agricultural output value, and its agricultural and processed products account for 70 percent of its exports. This is where Hainan's difficulties lie in building the province into a special economic zone, but it is also where Hainan's potential lies. [passage omitted]

At the meeting, a committee was formed for the management and arrangement of the province's spark plan development fund.

Shortage of Tobacco Procurement Funds in Hunan

90OH0177B Beijing NONGMIN RIBAO in Chinese 23 Oct 89 p 2

[Article by Zhang Rong (1728 0516) and Cao Zhiguo (2580 3112 0948): "Tobacco Procurement Funds Severely Inadequate in Hunan"]

[Text] Chenzhou and Lingling in southern Hunan produce flue-cured tobacco. Their total flue-cured tobacco output this year may reach 2.20 million dan, a historic high. A shortage of funds, however, has troubled tobacco procurement work. During a trip to eight county towns in the region in late June, this reporter learned that of the 800 or so procurement points in the two areas, about half did not take out their steel yards for lack of procurement funds. Others did so only to put them away after just a few days. In some counties, hundreds of IOU's issued during tobacco procurement last year have not yet been honored. This year transfer account checks, time certificates, and IOU's were again widely issued to pay for tobacco, to the great dissatisfaction of large numbers of tobacco growers.

Southern Hunan produces about 80 percent of the province's total flue-cured tobacco. The product tax on tobacco accounts for almost a third of the revenues of Chenzhou and Lingling and more than 70 percent in such producing counties as Guiyang, Xintian, and Ning. In the vast expanse of tobacco fields, it was the scene of a bumper harvest. Golden tobacco leaves were piled high in farmhouses and toasting chambers. On the other hand, local government leaders and people in charge of banks and tobacco departments all pulled a long face. The tobacco growers I saw along the way were complaining loudly as well. Some procurement stations were locked up and had a deserted look. Peasants sighed as they stared at the tobacco leaves piling up at home and in the barns. That this situation was totally incongruous with the bumper harvest scene can be explained as follows: there are no procurement funds.

Tobacco output in the Chenzhou area may reach 1 million dan this year, which requires the allocation of 190 million yuan in procurement funds, or 250 million yuan including procurement taxes. But there is a big shortfall this year. Of the funds allocated, a large portion consists of 50- or 100-yuan transfer accounts checks and 10- or 20-yuan time certificates. These checks and certificates will mature within 3 months to 1 year. Some counties allow the growers to purchase chemical fertilizers from supply and marketing cooperatives using these checks and certificates. In other county towns, the checks and certificates are redeemable only when they mature. Local governments call them "red slips." According to estimates by local administrative officials, only in 40 percent of the tobacco procurement transactions were the growers paid in cash. Some of the procurement points I visited did not even make this percentage. "Red slips" were everywhere. When they were used up, the procurers resorted to IOU's.

In the Lingling area, more than 6 million yuan in IOU's issued to the growers during last year's procurement have not been redeemed. This year many procurement stations dared not open for business. Others paid for the tobacco by issuing IOU's. When I arrived at the Tianran procurement point at the Tongshan procurement station in Ningyuan County, the procurer was negotiating with the growers. "No more cash. Would you like to take a receipt first and then be paid later?" At this point a number of peasant women arrived from another procurement point, tobacco perched on top of their heads. As soon as they got to the door, they felt discouraged, "They don't have money here either." Lu Henghua [1687 1854 5478], Ningyuan County chief, said that the peasants in the county had little cash, but not a few have a couple of thousands of IOU's in hand. He said that when the local police station in Dajie Village arrested and fined some people for gambling, the latter presented IOU's received for their tobacco last year. The police tried to redeem the IOU's at the supply and marketing cooperative, to no avail.

At Huatang procurement station in Chen County, a tobacco grower named Liu Liping [04912980 1627] who

had hurried there from Zhangshi Village in Guiyang County told reporters that he planted 6 mu of tobacco the year before and harvested 1,500 jin of tobacco, which he sold for over 3,000 yuan. However, he was paid completely with IOU's and had received no money so far. This year he again grew 6 mu of tobacco. He walked 60 li, traveling by side roads, to deliver his crop precisely because he wanted to be paid in cash. He said he knew that if caught, a grower who delivered his tobacco in a county other than his own could have half his crop confiscated. Still, he was desperate for money to buy chemical fertilizers and seeds. At the Aoquan Village procurement station in Guiyang County, a villager from Chuanbao Village named Li Wennong [2621 2429 6593] said that he sold 100 jin of grade-2 tobacco and should be paid 214 yuan. In fact he received only 4 yuan. Apart from a few checks, he was paid mostly in 6-month savings certificates.

Reportedly, this is how the shortage of funds came about. Last year, a tobacco procurement war broke out in southern Hunan. Grade mixing was a serious problem. Half of the high- and medium-grade tobacco cured was substandard. A good number of tobacco factories suffered losses amounting to tens of millions of yuan. Chenzhou and Lingling are still stuck with over 400,000 dan of tobacco from the year before, tying up more than 100 million yuan. The result is a vicious circle of indebtedness. Since they lost money, the tobacco factories could not repay the producing areas. The latter, in turn, cannot redeem the IOU's issued to peasants. And neither the factories nor producing areas can repay the banks the money they borrowed. Besides, a tight money policy is in effect this year. The books may show that enough procurement funds have been allocated but, after previous loans are deducted, not much remains.

The shortage of tobacco procurement funds has affected unfavorably the entire Hunan economy. Besides, tobacco is procured in strict accordance with state standards this year, resulting in a sharp drop in average prices compared to last year. A few tobacco growers have chopped down all tobacco plants they have grown, vowing never to grow tobacco again. Other growers said, "Tobacco, tobacco. This year we harvest tobacco; next year we harvest grass."

In some Hunan counties and cities economically dependent on the tobacco tax, the wages of cadres and the purchase of pesticides, chemical fertilizers, and basic means of production have all become uncertain. This situation has caught the attention of the provincial party committee and provincial government. The various departments concerned are presently helping Hunan tide over this difficult period.

Inadequate Fertilizer Inhibits Shandong Grain Yields

90OH0182A Beijing RENMIN RIBAO in Chinese
31 Oct 89 p 5

[Article by Zhang Jun (1728 0193) and Meng Jianwei (1322 1696 0251): "A Top Priority Task for Breaking

Through the 'Faltering.' The Importance of Fertilization to Nurture the Soil, as Exemplified by Some Prefectures in Shandong Province"]

[Text] From 1986 through 1988, Shandong Province's gross output of grain hovered around 32 billion kilograms, making no major advance. In a recent poll we conducted in the grain-producing areas of Heze, Jining, Taian, and Zaozhuang, we found numerous factors that hurt grain output, but one of the main ones was that farmland application of organic and inorganic fertilizer was not commensurate with needs for sustained increase in grain yields.

Following the 3d Plenary Session of the 11th Party Central Committee, substantial increases occurred in both farmland fertilization and grain output in Shandong Province. By 1985, application of farmyard fertilizer and chemical fertilizer reached 2,000 kilograms and 17.5 kilograms per mu, respectively, for the province as a whole; grain yields and gross output increased by 64.7 and 37.2 percent, respectively. After 1986, however, problems occurred in the application of sufficient fertilizer, and the use of an irrational mix of fertilizers became increasingly prominent. This hurt the development of grain production.

Insufficient Application of Organic Fertilizer to High-Yield Fields. Despite the substantial application of organic fertilizer to high-yield fields everywhere in Shandong in recent years, organic nutrient inputs are universally smaller than output; thus, organic matter and other nutrients that are being depleted constantly are not being replaced effectively. On many plots the organic and other nutrient content has decreased, producing a year-by-year decline in the utilization efficiency of the large quantities of chemical fertilizer applied. Take the high-yield fields in Jining and Taian Cities, for example, where the increase in wheat yield per kilogram of chemical fertilizer applied fell from the former 10 kilograms to between 6 and 7 kilograms. Because of the insufficient input of organic fertilizer, soil fertility cannot support sustained increases in grain yields.

Medium- and Low-Yield Field Chemical Fertilizer Inputs Cannot Satisfy Need for Great Increases in Grain Yields. In Shandong, medium- and low-yield fields account for more than 70 percent of total cultivated land area. The fertility of these cultivated fields is low. It has been estimated that wheat yields from medium- and low-yield fields can be increased by between 13.8 and 15.5 kilograms for every additional kilogram of chemical fertilizer applied. This is more than twice again the yield increase from high-yield fields. However, because of the great conflict between supply and demand for chemical fertilizer in recent years, chemical fertilizer inputs to medium- and low-yield fields in most areas have not increased markedly. This has limited increases in grain yields. In Heze Prefecture, which has a high concentration of medium- and low-yield fields, approximately 6 kilograms of chemical fertilizer per mu was applied each year from 1985 through 1988. This was only half the

average for the province as a whole. Consequently, that prefecture's grain yields also continued to mark time at around 400 kilograms per mu.

Proportional Imbalance in Fertilizer Inputs. According to estimates, the optimum proportions of nitrogenous, phosphate, and potash fertilizer for Shandong's farmlands should be 1:0.55:0.2; but the proportions currently applied are 1:0.33:0.03. Inputs of phosphate and potash are markedly inadequate, potash particularly so. Consequently, the full effect cannot be obtained from the fertilizer that is applied in insufficient amounts to begin because of the irrational makeup of inputs. Increases in wheat and corn yields from the application of chemical fertilizer are 11.46 and 9.4 percent lower in Shandong than for the country as a whole.

Shandong Province has more than 100 million mu of cultivated land, 29.57 million mu of which is high-yield fields and 73.87 million mu of which is medium- and low-yield fields. Surveys show that increased fertilizer inputs and rational readjustment of the fertilizer input mix are top-priority tasks in breaking break the current faltering grain situation. According to the analysis of experts concerned, if the present organic content of the provinces' high-yield fields were increased from the present 1-1.2 percent to between 1.2 and 1.5 percent, grain yields could be increased by about 100 kilograms per mu, assuming no change in either the grain varieties grown or in chemical fertilizer inputs. Grain output for the whole province could thus be increased by 3 billion jin. Supposing an improvement in the level of cultivation of medium- and low-yield fields, improvement of soil moisture, and no decline in the soil's organic matter, if chemical fertilizer inputs were increased from the present 12 kilograms to 17 kilograms per mu, grain yields could increase to approximately 75 kilograms for a 5.5 billion kilogram increase in output for the province as a whole. The yield increases from high-, medium-, and low-yield fields throughout the province could produce an aggregate additional 8.5 billion jin of grain, which is more than one-fourth the present grain output.

We believe work in the following several regards must be done to get a rational increase in farmland fertilizer inputs to spur consistently high grain yields.

Development Through Multiple Channels of Sources of Organic Fertilizer. Despite rapid development of Shandong's livestock industry in recent years, overall it is in a period of preliminary development. Currently, more than 30 billion kilograms of crop stalks and stems are available for use as livestock fodder throughout the province, but less than half that amount is "passed through bellies for return to the fields." The province annually produces 1.5 billion kilograms of cotton seedcake, less than one-fourth of which is used for livestock feed. More than 20 million mu of meadowland is available for use, but only 3 percent of it has been developed for use. Were the foregoing resources used to the full, 4 million more cattle, or 20 million more sheep and goats could be raised for an annual doubling of the output of

organic fertilizer. In addition, various inducements should be adopted to arouse the enthusiasm of myriad peasant households for the raising of hogs.

Returning Stalks and Stems to the Fields Is an Important Source of Organic Fertilizer. Currently, 15 billion kilograms of crop stalks and stems are available throughout the province for use in making fertilizer for return to the fields; however, the utilization rate for this source of fertilizer is less than 30 percent. A very great potential for development exists. Experiments conducted for 3 years running in Jining and Zaozhuang show that for each 200 to 300 kilograms per mu of stalks and stems returned to the fields, the soil's organic matter increased by an annual 0.02 to 0.08 percent; the moisture content of the cultivated soil layer increased between 17.7 and 48.6 percent; and grain yields increased by an average of approximately 10 percent. From 1986 through 1988, a cumulative 2,489,000 mu of stalks and stems were returned to the fields at Zaozhuang, increasing grain output by more than 80 million kilograms.

Urban Garbage and Feces Are a Large Source of Fertilizer. Large and medium-sized cities in Shandong Province produce about 2.16 million tons of garbage annually, an overwhelming majority of which is buried at once, very little of it being used. They annually produce approximately 700,000 tons of feces, more than 70 percent of which is discharged through sewers, only approximately 25 percent being used for fertilizer. Very great potential remains to be tapped. In addition, full use can be made of barren mountains, barren slopes, open spaces, orchards, and water surfaces in the energetic development of green manure. The masses can be mobilized for the widespread development of sources of farmyard manure, and for the large-scale collection and making of mud fertilizer, making use of every usable source of organic fertilizer.

Accelerating the Pace of Chemical Fertilizer Industry Development and Safeguarding and Stirring Peasant Enthusiasm for Increased Application of Chemical Fertilizer. In view of the present prominent conflict between supply and demand for chemical fertilizer, structural imbalance in production, and a continuing rise in prices, the key to solving the chemical fertilizer problem lies in increasing investment in chemical fertilizer production, readjustment of structural imbalances, and lowering costs. While energetically developing nitrogenous fertilizer production, production of phosphate and potash fertilizer should also be accelerated in a drive to adjust, within a short period of time, the proportions of nitrogenous, phosphate, and potash fertilizer to 1:0.5:0.3 for a rapid turnaround of the unbalanced inputs of farmland nutrients. In the distribution of fertilizer, supplies should be increased for medium- and low-yield fields whose potential for increased yields from fertilizer inputs is great.

Make Scientific Research on Fertilizer and the Promotion of Advanced Techniques a Part of Agricultural Science and Technology Development Plans, Devoting Attention

to Them as an Important Ingredient in "Science and Technology To Make Agriculture Flourish." Not enough has been done in recent years anywhere about fertilizer, particularly research on techniques for scientific collection and preparation, management, and use of organic fertilizer. Scientific and technical achievements on these matters have been slight and advanced techniques have not been vigorously promoted. Most places continue to use traditional methods for preparing and applying fertilizer, which require high labor intensity for low productivity and low utilization rates. At the same time, the rate of spread and popularization of new techniques for scientifically making and applying fertilizer, which experiments have demonstrated as having important value for promotion, has been very low. One example is the return to the fields of cornstalks and leaving high wheat stubble in the fields to fertilize them, which produce rather good economic benefits. Because of the lack of a means to pulverize the stalks or reduce the stubble, the backward methods everywhere, and the large amount of work required, the peasants were unwilling to accept these techniques. Scientific research, education, and promotion units should cooperate in an attack on these problems to solve some of the difficulties peasants face in making and using fertilizer. Examples include research and development of machines and implements requiring less work and effort to collect, make, and apply fertilizer, and new techniques and new technology for the concentrated processing of organic

fertilizer as well as for the factorized processing of urban feces, garbage, and livestock and poultry dung. Full use should also be made of the role of the scientific and technical promotion system and network existing at all levels at the present time to accelerate the spread and application of results achieved from scientific research on fertilizer, translating them into real productivity over wide areas.

Xinjiang Exceeds Cotton Export Target

*OW0812103489 Beijing XINHUA in English
0245 GMT 8 Dec 89*

[Text] Beijing, December 8 (XINHUA)—Northwest China's Xinjiang Uygur Autonomous Region earned 160 million U.S. dollars in foreign exchange from cotton exports over the past ten months, exceeding the target for the year, the FINANCIAL NEWS reported.

Cotton is grown on about 5.8 million mu (about 380,000 hectares) in the region. The total output is expected to reach 31 million kilograms.

Cotton exports account for more than half of the region's foreign exchange earnings.

Since the beginning of the year, the Urumqi branch of the Bank of China has granted five million yuan (about 1.3 million U.S. dollars) in credits for the purchase of cotton, basically satisfying the needs of cotton exporters.

Submarine Commanders Trained on Simulator*HK1412071989 Beijing JIEFANGJUN BAO in Chinese
28 Nov 89 p 3*

[Article by Zhang Zhejun (1728 0772 6511) and Wu Yundian (0702 0061 6879): "'Underwater Battleground' on Land—Brief Introduction to the Simulated Submarine Attack Training Laboratory of the Navy's Submarine Institute"]

[Text] There is no blue sea here and no vessels speed by, but students can plow through the waves and acquire the skill of devising strategies under the intense and complicated conditions of an underwater battleground. This is what happens in the Simulated Submarine Attack Training Laboratory at the Submarine Institute.

For a long time we have been unable to conduct a number of types of underwater training because the expense involved is staggering, thereby failing to raise the level of submarine attack training. The simulated submarine attack training laboratory uses simulated periscopes, videocameras, and devices to control targets, distances, board angles, and positions to form a visual field simulation system, which enables the submarine commander to see the activities of enemy vessels and planes. The laboratory is also equipped with simulated engines, rudder, sonar, and radar usually seen in a submarine, together with a fire control system simulator, and operation devices showing color figure states and mechanical and electrical states. All these devices form a command and control tower to allow the submarine commander access to the various data he needs and to the situation of the battle between ourselves and the enemy so that he can decide whether to assume the offensive or defensive. The simulation laboratory is also provided with a target-command system, which can play the part of the blue side, as well as enabling teachers to simulate surface vessels, helicopters, and depth charges to engage the submarine. The results are shown on monitors so that teachers and students can make an analysis.

The simulation laboratory enables students to simulate two vessels simultaneously engaging torpedoes aimed at the same or different targets. It also enables the submarine commander or members of an offensive group to simulate a submarine engaging another submarine, a surface vessel, or a helicopter. In addition, it enables students to study submarine tactics and the use of torpedoes, guided mines [dao lei 1418 7191], and mines. As the simulation laboratory enables users to simulate confrontation between two sides, it changes the monotonous tactical formula of assuming only the offensive or the defensive, effectively helping commanders to cultivate tactical consciousness and the ability to make quick responses. Facts show that submarine commanders who have undergone rigorous training using the simulation laboratory register a success rate of 90 percent when they take part in an actual offensive at sea. This simulated laboratory was granted the first-class prize at the national exhibition on the uses of computers, and the first-class prize for its scientific and technological

achievements as compared with other scientific and technological achievements throughout the Army.

New Airborne Rescue Group Completes Training*HK2012081789 Beijing JIEFANGJUN BAO in Chinese
30 Nov 89 p 2*

[Article by Bing Wenbo (6728 2429 0590): "The Parachute Opening in the Sky...—Report From the Air Force's Parachute Lifesaving Training Group"]

[Text] It was October, autumn; the sky was blue and was decorated with very few clouds. The scene was an Air Force airport on the Songliao Plain in north China. The engines roared and two Yun-5 planes dashed into the sky like arrows. In a few seconds the planes were hovering in the sky above the airport. Suddenly, parachutes, like flowers, opened against the blue sky. Red, green, and multicolored ones, together with the white clouds and the blue sky, constituted a magnificent picture.

This was not a tactical exercise by the airborne troops, nor a performance by the "1 August" parachutists, but a parachute jumping exercise by the recently established Air Force lifesaving group.

In the contemporary world, airborne rescue is an important duty and protection in air combat. The airborne lifesaving personnel are called "flying saviors," and many countries possess a well-developed airborne lifesaving command system and special airborne lifesaving troops. Lieutenant Colonel Su Yongan, head of the parachute training and research office at an Air Force unit flight school stationed in Changchun, told this reporter that our country's airborne rescue capability has made comparatively big progress and development during the past few years, transforming from old equipment suitable solely for parachute jumping to a well-developed system of perfected equipment for parachute jumping and lifesaving, including catapults, parachute systems, and survival and rescue devices. Lifesaving exercises for flight crews have developed from the previous pattern of emergency parachute jumps and general parachute jumps into survival and safety exercises during and after the jump. Particularly since 1986, the training of officers for airborne rescue has been included in the training program of our military academies and, as a result, our country's airborne rescue exercises have reached new and higher standards.

The purpose of training airborne lifesaving personnel is to effect the prompt rescue of flight crews who have bailed out and Air Force personnel who have encountered danger, and to enable those in danger to attain survival ability in war and peace. Judged from its development prospects, not only is airborne rescue extensively applicable to building national defense, but it also applies to building national economy. In civil aviation and other air transport, airborne lifesaving personnel can also come to the rescue of those in danger and reduce losses to a minimum. The special airborne lifesaving unit is highly mobile, quick in response, and very adaptable.

The airborne lifesaving personnel are selected according to strict demands: They must be physically fit, mentally alert, well coordinated, unflappable under pressure, and able to handle emergencies in a flexible way. The first group of our Army's airborne lifesaving officers have been selected mainly from pilots and the first group of lifesaving NCO's were selected mainly from airborne unit maintenance personnel. In the course of study they have learned many basic theories of airborne lifesaving and have completed parachuting and lifesaving exercises. They would usually rise at 0300 or 0400 each morning and rush to the airport for parachute jumps before dawn. It is therefore not strange for people to give them a nickname—"entrepreneurs" (people who get up at night) [qiyejia as pronounced in Mandarin can mean either entrepreneur or someone who gets up at night]. This is very appropriate.

The airborne lifesaving officers of our army are trained according to college standards. They have to jump more than 100 times, using six different kinds of parachute, in eight training courses, including opening the parachute using a static line, opening the parachute by hand, opening double parachutes, free-fall opening, landing at a fixed point, jumping into water, jumping at night, and jumping onto hills, and so forth. The first group of airborne lifesaving trainee officers recruited in 1986 has completed a total of 6,000 jumps. On average, each person has jumped more than 100 times. They have basically grasped airborne lifesaving techniques and outdoor survival ability. Without a single serious accident they have fulfilled their parachute training duties. They graduated last July and went to the Air Force for their periods of service.

EAST REGION

Jiangsu Elects Deputies to Party Congress

OW1512011989 Nanjing Jiangsu Provincial Service in Mandarin 1015 GMT 9 Dec 89

[Text] With the approval of the central authorities, the Eighth Jiangsu Provincial CPC Congress will be held in Nanjing on 20 December 1989. To ensure that qualified deputies are elected to the congress, all election units in the province have paid close attention to election work. They have strictly followed stipulations specified in the party constitution and provincial CPC Committee's circular on deciding the number of deputies to be elected from each unit, on nominating candidates, on deciding on the list of candidates, and on electing deputies. In carrying out this work, all election units have demonstrated a high degree of democratic spirit, adhered to the principle of democratic centralism, and respected the democratic rights of party members and the will of voters. All deputies were elected by party congresses, conferences of party delegates, or congresses of party members, through secret ballots in elections with more candidates than deputies to be elected. The election work ended today.

Elected deputies represent more than 2.76 million party members in Jiangsu Province. They are very representative and advanced. Among the elected deputies are leading cadres at various levels, technical personnel in various fields, advanced model workers at and above the provincial level of the industrial and agricultural sectors, and officers and men of the Armed Forces. Female deputies and minority nationality deputies account for appropriate percentages, and appropriate numbers of deputies have been elected from among party members who joined the party during the agrarian revolutionary war, the War of Resistance Against Japan, and the war of liberation, and those who joined the party during various periods after the founding of the People's Republic. The majority of the elected deputies are young and well educated, and therefore have a relatively strong ability to discuss official business. The great majority of these deputies are comrades of various localities and departments who have good reputations, who have contributed to society, and who are trusted and endorsed by most people within and outside the party. These deputies adhere to the four cardinal principles and actively support and conscientiously carry out the line, principles, and policies followed since the 3d Plenary Session of the 11th CPC Central Committee. They have made outstanding contributions to reform and construction, established a good relationship with the masses, been honest and upright in their ways, and honestly carried out their duties.

CENTRAL-SOUTH REGION

Divorce Cases Rising in Guangzhou

OW0512112189 Beijing XINHUA in English 1054 GMT 5 Dec 89

[Text] Beijing, December 5 (XINHUA)—Children, housing and property have become knotty problems for courts handling an increasing number of divorce cases in Guangzhou City.

The overseas edition of the PEOPLE'S DAILY says today that because of the "one child policy" in China, the wives and the husbands insist on having the only child when they divorce.

Some divorced couples have to live in the same apartment because of the housing shortage. The household property creates another headache for the courts. Divorce cases represented 34 percent of all civil cases handled by the Guangzhou municipal Intermediate People's Court last year. They top the list of civil cases.

The number of such cases in the capital city of south China's Guangdong Province increased 96 percent in 1988 compared with the 1980 figure.

Guangdong Province Acts To Combat 'Seven Vices'

HK0612042389 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 2 Dec 89

[Excerpts] This morning the Propaganda Departments of the provincial and Guangzhou City party committees as well as public security departments at the provincial and city levels held a joint meeting in the office of the provincial public security department to discuss how to eliminate seven vices. Representatives from People's Congresses, Chinese People's Political Consultative Conferences, educational and cultural departments, Communist Youth League organizations, and women's federations were invited to the meeting to expose seven vices. They expressed their determination to mobilize all social forces in combating seven vices.

The participants took the floor one after another. They said that eliminating seven vices was an important guarantee for carrying out economic improvement and rectification and deepening reform, and pointed out the necessity to rely on all social forces in building up a powerful momentum against seven vices. [passage omitted]

The participants were of the opinion that it was inadequate to rely on public security or judicial organs alone in eliminating seven vices; all units should see to it that the security responsibility system is put into effect and should take measures to exercise joint supervision and carry the struggle against seven vices through to the end.

Guangdong Opens Symposium on Role of Veteran Cadres

HK0512061589 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 4 Dec 89

[Text] A provincial symposium on bringing the role of veteran cadres into play was held in the hall of the provincial party committee this morning.

Attending the symposium were leading comrades of the provincial party committee, including Xie Fei and Zheng Guoxiong, and veteran cadres attending the symposium, totaling some 1,000 people.

(Luo Ruwei), (Li Dan), and (Chen Yuanguang), retired cadres, and (Lin Zilin), a representative of the (Linheyuan) party branch of NANFANG RIBAO, briefed the symposium on their experiences one after another.

In conclusion, Xie Fei, provincial party committee deputy secretary, spoke, emphatically pointing out, "Under the new historical conditions, veteran cadres are still an important force to guarantee the future and destiny of our party and country." He hoped that the veteran comrades attending the symposium and all retired veteran comrades will continuously do what they can do for the party and people and make new contributions where their health conditions permit.

Hainan Courts To Crack Down on Serious Crimes

HK1412133189 Haikou Hainan Provincial Service in Mandarin 2300 GMT 8 Dec 89

[Excerpts] The provincial higher people's court yesterday held a meeting of presidents and judges in charge of criminal trials from intermediate courts and some city and county courts.

During the meeting, the responsible person of the provincial Higher People's Court particularly emphasized that robbery with weapons at major downtown districts and sightseeing spots, along vital communication lines, and in buses shall be regarded as serious crime regardless of the value of the robbed articles, and the culprits involved in such robberies shall be sentenced to over 10 years' imprisonment or even to the death penalty.

This meeting was called to relay the spirit of the enlarged plenary session of the Standing Committee of the provincial party committee. The meeting urged courts at all levels throughout the province to go into action immediately and concentrate their resources to promptly try by the next Spring Festival a number of cases of murder, robbery, grand larceny, illegal manufacturing, purchase, and sale of munitions, inducement of women to prostitution, offer of accommodation for prostitutes, forced harlotry, affray, crime of causing bodily harm, and other serious criminal offenses, and sentence the criminals concerned to heavy penalties. Grave crimes shall be subject to grievous penalty, and arch offenders shall be promptly penalized.

The responsible person of the provincial Higher People's Court expressly noted that, in light of the current serious situation in public security, we must never hesitate to implement the principle of promptly dealing severe blows to serious crimes. [passage omitted] Now that the situation in public security is deteriorating, it is necessary to exercise great restraint in granting suspended sentences. [passage omitted]

SOUTHWEST REGION

Lhasa Temple Consolidation Group Works in Lamasery

HK0612020389 Lhasa Tibet Regional Service in Mandarin 1430 GMT 4 Dec 89

[Text] According XIZANG RIBAO, lamas at (Gandan) Lamasery welcome the Working Group for Temple Consolidation Operation under the Lhasa City party committee going to their lamasery to start the operation. They hope the working group will help weed out rioters, safeguard national unity, stability, and unity, maintain a stable situation in Lhasa, and cultivate a fine environment for the vast number of monks and laymen.

Since it started working in (Gandan) Lamasery on 13 November, the Working Group for Temple Consolidation Operation under the Lhasa City party committee has held several unofficial discussion meetings in which members, chairman, and vice chairmen of the lamasery's democratic administrative committee, as well as old lamas at (Gandan) Lamasery, participated by invitation. During these meetings, the working group briefed the participants on the party line, principles, and policies, especially the party's policies on nationality and religious affairs. The working group particularly propagandized the party's policy for freedom of religious faith and explained to the lamas the important significance of the temple consolidation operation. Due to the working group's efforts, the members of the lamasery democratic administrative committee and the old lamas participating in the discussion meetings unanimously expressed welcome to the working group. They urged the working group to weed out rioters from the lamasery and restore order in the lamasery. They said that, beginning 27 September 1987, some lamas from (Gandan) Lamasery repeatedly took part in riots in Lhasa. Their activities, which jeopardized national unity and nationality solidarity and upset the excellent situation of stability and unity, constituted severe violation of religious creed and canon, disrupted social order, and violated state law. These lamas deserve penalties. Many old lamas also noted, "A small number of lamas have damaged the reputation of the vast number of lamas. We resolutely oppose their illegal practices. On the other hand, in stirring up riots, these lamas have upset the excellent situation, disrupted social order, and affected normal religious activities. Now the working group is starting the temple consolidation operation in lamaseries. This is a real step toward the implementation of the party's policies on nationality and religious affairs. Only when these lawless elements who are hiding themselves among other lamas in our lamasery are weeded out will we be able to purify the ranks of lamas, restore social order, safeguard stability and unity, maintain a fine environment for religious activities, and ensure that religious activities can be carried out as normal. This is indeed a real step toward the implementation of the party's policy on religious affairs. We resolutely support the working

group in the consolidation operation, and we will do our best to assist the working group in consolidating (Gandan) Lamasery."

Tibet To Reelect Local People's Congresses

HK0812074989 Lhasa Tibet Regional Service in Mandarin 1130 GMT 6 Dec 89

[Text] Following is the full text of the decision of the Standing Committee of the Tibet Regional People's Congress on the schedule for reelection of county and township People's Congresses, adopted by the seventh meeting of the Standing Committee of the regional People's Congress on 6 December 1989.

The term of office for the present county and township People's Congresses in this region is going to expire very soon. In accordance with Article 98 of the PRC Constitution and a decision adopted by the ninth meeting of the Standing Committee of the Seventh National People's Congress, the reelection of deputies to county and township People's Congresses shall be held by the end of 1990. In this connection, the seventh meeting of the Standing Committee of the present regional People's Congress on 6 December 1989 decided that the reelection of all county and township People's Congresses in the region shall be finished by the end of 1990.

Yunnan Marks Anniversary of KMT Troop Crossover

HK1112011589 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 9 Dec 89

[Excerpts] The Yunnan Provincial CPC Committee and government yesterday morning held a meeting in Kunming to mark the 40th anniversary of the crossover of General Lu Han and his troops.

The meeting was presided over by Vice Governor Jin Renqing. On behalf of the provincial party committee and government, Yin Jun, deputy secretary of the provincial party committee delivered an opening speech to extend his respects and sincere regards to the PLA [People's Liberation Army] units, formerly known as the 4th and 5th Corps of the 2d Field Army, the underground party organizations, the units under the former Yunnan-Guangxi-Guizhou border area column, and the members of the former Southwest Service Regiment who contributed to the liberation of Yunnan; to the former KMT [Kuomintang] personnel who followed General Lu Han in crossing over; and to the comrades who persuaded General Lu Han to lead his troops to cross over. Yin Jun also paid a sincere tribute to those who played a part in the crossover and are now deceased, and expressed his deep sympathy and solicitude for their family members. [passage omitted]

Yin Jun said, "Looking back at the past, the Yunnan people will never forget the historical contributions that General Lu Han made in leading his troops to cross over, the contributions of the officers and soldiers of the PLA

units and the Yunnan-Guangxi-Guizhou border area column who fought courageously for the liberation of Yunnan, and the contributions of all the democratic parties and patriotic and democratic personages who supported our party. In this new historical period, under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core, we must further develop the broadest patriotic united front on the basis of an alliance of workers and peasants. We will unite with the people of all nationalities and all patriots in Yunnan Province and work together with them to safeguard and develop a political situation characterized by stability and unity; to strive for a sustained, steady, and harmonious economic development; and to win greater victories in our socialist modernization program."

Ping Jiesan, former deputy director of the United Front Work Department of the CPC Central Committee; Hu Ronggui, former deputy political commissar of the Kunming Military Region; Zhu Jiabi, former member of the party committee and deputy commander of the Yunnan-Guangxi-Guizhou border area column; and (Zhang Gongda), (Li Nanyuan), and (Yang Zhongting) also addressed the meeting. The Central Committee of the KMT Revolutionary Committee sent a congratulatory message to the meeting. Present at the meeting were more than 250 people, including responsible people of the provincial party committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress, the provincial government, and the Chinese People's Political Consultative Conference Yunnan Provincial Committee, and figures from all sectors.

NORTHEAST REGION

Heilongjiang To Control Pollution in Songhua River

OW0412083889 Beijing XINHUA in English 0244 GMT 4 Dec 89

[Text] Harbin, December 4 (XINHUA)—Heilongjiang Province in northeast China will make special efforts to control the pollution of the Songhua River system, according to a plan drawn up at an ongoing meeting on environmental protection in Harbin, capital city of the province.

The protection work of the Songhua river and its major tributaries has been strengthened and the water quality there has been largely improved.

However, the meeting agreed, the province's anti-pollution task is a very heavy one. Statistics show that last year the province dumped a total of 1,500 billion liters of waste water, mostly into rivers.

Heilongjiang Reports on Criminal Cases

SK1212002389 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 10 Dec 89

[Text] In the 3 weeks since 11 November when we began our campaign to crack down on criminal cases, public security organs at all levels throughout the province cracked 7,444 criminal cases, captured 7,491 criminals of all descriptions, and seized stolen goods totaling 4.15 million yuan.

During this provincewide campaign, the absolute number of criminal cases cracked increased by a large margin. At the same time, during this campaign, strong measures were adopted for dealing severe blows to group criminal activities that seriously harmed social security.

On 14 November, Linkou County destroyed a 14-member group, and cracked 40 cases on getting money by fraud in Linkou, Qingshan, and Boli. At the same time, Boli County destroyed a seven-member juvenile criminal group and cracked 108 cases.

On 23 November, (Taiping) public security subbureau in Harbin also destroyed an 11-member criminal group headed by (Yan Juncai), and cracked 38 cases on robbery and theft of cars and color televisions.

Antipornography Campaign Continues in Jilin

Conference Convened

90ON0188A Changchun JILIN RIBAO in Chinese 27 Oct 89 p 1

[Article by Du Caiyun (2629 1752 0061): "Provincial Government Convenes Conference on Wiping Out Pornography and Appeals to Every Locality in Jilin To Block Pornography at Its Source, Clean Up 'Pornographic Sludge,' Eliminate 'Dead Spaces,' and Promote Prosperity"]

[Text] This afternoon, Jilin's provincial government convened a conference in Changchun on thoroughly and lastingly wiping out pornography. This is the fourth conference, following the previous third provincial antipornography conference. The conference urged each locality and department in Jilin Province to launch a thorough and protracted struggle to wipe out pornography and to clean up and thoroughly wipe out "spiritual opium" and cultural dregs.

Today's conference was attended by leading comrades from cultural market control departments, each of Changchun's press units and publishing firms, as well as leading comrades responsible for cultural education in each of Jilin's cities and localities (prefectures). At the meeting, responsible comrades of the provincial leading groups and offices in charge of ordering and rectifying the publications and audiovisual markets explained the previous stage of Jilin's antipornography work, and departments in charge of Changchun City's cultural market explained the experience of Changchun City in

antipornography work. Vice Governor Liu Xilin [0491 1585 2651] spoke at the meeting and, based on a summary of the results of the previous stage of Jilin's antipornography campaign, pointed out that initial results had already been achieved in this campaign. The momentum of the spread of cultural dregs and spiritual trash has been checked, the publications and audiovisual markets are cleaner than before, and people are fairly satisfied. However, we must also recognize that Jilin's antipornography campaign has just begun and is still far from through. The leading cadres of some localities and departments have not yet begun to attach importance to this struggle, and in the work there are generally many appeals but little actual implementation. Such localities and units often have "dead spaces" that shelter evil people and countenance evil practices. There is still a market for some cultural dregs and spiritual trash, and there are still a considerable number of prohibited books and periodicals hidden in the hands of smut merchants awaiting the opportunity to sell them in large quantities at high prices. In particular, some pornographic books and periodicals are still circulating among the masses and continue to poison the physical and mental health of young people. This shows that Jilin's task of wiping out pornography is still fairly formidable, and the work still quite arduous.

In his remarks, Liu Xilin urged each locality and department throughout the province to gain a clear understanding of the situation, mobilize forces of the party and society as a whole, and firmly take charge of the task of wiping out pornography on a grand scale. He stated that wiping out pornography was an important element in carrying out the spirit of the 4th Plenary Session of the 13th CPC Central Committee, an important measure for strengthening the construction of a socialist spiritual civilization, and a real and beneficial deed that the CPC Central Committee and State Council are doing for the people. He pointed out that in thoroughly and lastingly carrying out antipornography work, we cannot rely on a few specialized agencies. Under the unified leadership of party and government organizations, we must coordinate a large number of departments, such as propaganda, culture, publishing, industry and commerce, tax, public security, customs, border defense, education, and mass organizations. In short, we must mobilize the forces of society as a whole, form a tight antipornography encirclement, and leave smut without a hiding place.

When discussing the problem of blocking pornography at its source, Liu Xilin pointed out that obstructing this source and cleaning up "pornographic sludge" were the keys to whether wiping out pornography could be carried out thoroughly and lastingly. Some pornographic books and periodicals are currently being concealed in the hands of bookstall owners and we must motivate them to voluntarily hand over these prohibited publications and audiovisual materials. All those who voluntarily hand over such materials shall be financially reimbursed by concerned publishing units in accordance with policy. Those who continue to conceal and sell such materials

must be severely punished. Each locality must intensify its inspections everywhere, combining self-inspection with general investigations, surprise inspections with routine inspections, daytime inspections with nighttime inspections, systematic inspections with piecemeal inspections, without leaving gaps or dead spaces. Each department and each household, too, must put into order its own library, reading room, and bookcases. Publishing and printing departments must carry out ideological and organizational rectification, correct the direction of publishing, and ensure the quality of publishing. Publishing units that have produced a conspicuous flood of pornography should be dismissed, leading groups not doing their best to wipe out pornography should be adjusted, and those with conspicuous problems should have their operating licenses revoked.

He also pointed out that in antipornography work we must draw strict lines of demarcation in applying policy. We must dispose of confiscated publications and audiovisual materials in strict accordance with related laws and regulations. No suppressed books or periodicals may be resold or reloaned. We must pay close attention to trying important cases; we must isolate and crack down on the very small minority of bad people, and redeem those who temporarily went astray, erred slightly, and can be educated. We should give full expression to the policy of granting leniency to those who confess their crimes and dealing severely with those who refuse to, offering atonement to those who perform meritorious service and rewarding those who perform great meritorious service.

Finally, Liu Xilin stressed that the goal of wiping out pornography is to promote prosperity. He asked that, at the same time that the various localities and departments eliminate spiritual trash, they also pay adequate attention to encouraging and fostering outstanding literary and artistic creation, publishing, performance, and other activities, and use a healthy socialist culture to occupy the cultural market and satisfy the people's demand for a multilevel, multifaceted cultural life.

Importance of Thoroughness, Follow-Through

90ON0188B Changchun JILIN RIBAO in Chinese
27 Oct 89 p 1

[Article by JILIN RIBAO commentator: "Efforts To Wipe Out Pornography Must Be Continued"]

[Text] Hundreds of millions of people throughout China, under the leadership of the CPC Central Committee and the State Council, are currently engaged in an enormous antipornography struggle to wipe out spiritual opium. The major significance of this struggle lies in its bearing on whether our intellectual and cultural position will be occupied by Marxism and socialism or by feudalism and capitalism; on whether our youth will grow into an idealistic, moral, cultured, disciplined, and healthy generation, or degenerate into a decadent generation leading befuddled lives, bent solely on making a profit; and on whether

the cause of socialism will succeed or fail, and whether the Chinese people will prosper or decline.

Summarizing the previous stage of Jilin's antipornography campaign, as in the nation as a whole, it achieved notable results. It seized and prohibited a large quantity of obscene publications and audiovisual materials, suppressed and closed down a number of business networks that peddled pornographic publications and audiovisual materials, investigated and tried a number of major cases involving production and sales of pornography, and improved and rectified a number of publishing departments and printing units. Jilin's publications and audiovisual markets have now been distinctly cleaned up. Pornographic and violent books and periodicals, which previously flooded the streets, have now essentially been eliminated; pornographic and obscene pirated tapes have essentially disappeared from the audiovisual market; and public places of cultural entertainment like video parlors and dance halls have begun to be renovated. Does this mean that we can slacken our efforts and take a breathing spell? If we did this, the results that we have already achieved would be destroyed in a moment, and the flow of pornography would make a comeback. We have learned this lesson many times. This is not the only antipornography campaign we have conducted up to now; why have they repeatedly failed to prohibit pornography? The basic reason is that we always make the mistake of relying on a "single gust of wind," and cannot follow through to the end.

We should realize that this flow of pornography has been forming for quite some time. Due to the relaxation in recent years of adherence to the four basic principles and relaxation of education and struggle against bourgeois liberalization, the "scourge of pornography" is running rampant in China. Many young people are very deeply immersed in the "poison of pornography," to the point that they are no longer able to extricate themselves. One group of people looks only at profit and forgets honor, relying on the production and sale of pornography to make large sums of money; how could they be willing to stop doing evil and reform themselves? Some sources of pornography have foreign connections. Hostile foreign powers want to wantonly disseminate their reactionary and obscene publications in China through various channels in order to attain their goal of "peaceful evolution." Particularly in our great nation of 1.1 billion people, the scourge of pornography has been entering tens of thousands of households for many years, and a large number of pornographic books and periodicals can be found on bookshelves, under beds, and in students' bookbags in these households. This shows that our antipornography campaign is not yet finished, and needs to be further intensified and carried through to the end.

Now, faced with the irresistibly strong offensive by the nationwide antipornography campaign, some people have begun to restrain themselves, while others have become more covert. We have seen them "turn from south to north, shift from above ground to underground, switch from day to night, and move from the city to the

country." These "smut peddlers" are watching the trend and waiting for an opportunity. As soon as the trend changes, they will launch a flood of smut, and will be even more brazen and unscrupulous. Aren't some "smut peddlers" threatening now that "pornographic books and periodicals are like antiques: The longer they are stored, the higher their selling price becomes"? It is only too bad that their beautiful dream of getting rich from pornography has again failed to come true. We have made a firm resolution in this antipornography campaign: We must be thorough in exterminating this evil, and we will not withdraw our forces until complete victory!

The struggle to wipe out pornography is a long, hard, complicated task. Leaders at every level must intensify their specific guidance of this task. Past experience has shown that results have been achieved wherever party and government leaders have attached importance to this task; otherwise, the campaign lacks vigor. Jilin's antipornography work is currently developing unevenly. Some localities still have "dead spaces," the antipornography campaigns of some key regions and industries have not yet been thoroughly carried out, there have been delays in investigating and trying some important cases, and there are still extremely arduous tasks, such as disposing as quickly as possible of publications sealed up for safekeeping, plugging up the sources of pornography, regulating publishing and printing departments, and formulating relevant laws and regulations. All of these tasks require arousing the serious concern of leaders at every level, and conscientiously paying close attention to taking charge and producing results.

This struggle to wipe out pornography is not the job of one or two functional departments, nor is it the job of any one level of leadership; rather, it is a major task of the people as a whole. Cultural departments must take charge, public security and judicial departments must take charge, industrial, commercial, and tax departments must take charge, workers, youth, women, and other mass organizations, schools, institutions, enterprises, and neighborhoods must all take positive action. Only if the masses are aroused to action can a situation take shape in which smut, like "a rat crossing the road," is "railed at and beaten by everyone."

We should on the one hand pay attention to wiping out pornography, and on the other hand aim at creating a flourishing literary and artistic milieu. We must replace these vulgar, obscene things with wholesome, beneficial literature and art that the masses will enjoy. The poisonous grass must be completely eradicated and fresh flowers brought to full bloom. We hope that authors and publishing departments will produce many books, good books; and we hope that cultural departments and literary and artistic groups in each locality will adopt various methods of stimulating the cultural market. "Singing and dancing everywhere in the city and country, and delighting in the daily blooming of spring flowers"—this is our goal.

Jilin Convenes Congress of Students Federation

SK0512020989 Changchun Jilin Provincial Service in Mandarin 1030 GMT 3 Dec 89

[Excerpts] The fifth congress of the provincial Students Federation opened ceremoniously in Changchun today. A total of 181 student representatives of various nationalities from universities, colleges, and middle schools throughout the province and 19 nonvoting delegates gathered to discuss ways to arouse the spirit and study diligently under the CPC leadership, carry forward the spirit of plain living and hard struggle, and devote themselves to socialist modernization with full confidence.

(Liu Mingtai), executive chairman of the congress, declared the congress open. Attending the opening ceremony were pertinent leading persons of the province, including Huo Mingguang, Liu Yunzhao, Du Qinglin, Li Dezhu, Zhang Liming, and Zhang Baohua, and representatives from relevant provincial departments and mass organizations. (Du Qun), executive chairman of the congress and chairman of the Students' Federation of Jilin University, gave an opening speech. [passage omitted]

Du Qinglin, deputy secretary of the provincial party committee, delivered a speech entitled "Young Students Should Become Qualified Personnel Expected by the Party." [passage omitted]

In his speech, Du Qinglin affirmed the achievements attained by the students federation and student organizations of our province over the past years, and pointed out that China's socialist revolution and construction is currently in an important period of historical development. Young students should study hard and turn themselves into qualified personnel expected by the party, who have lofty ideals and moral characters, who are better educated, and who abide by discipline.

He stressed that, to become the qualified personnel expected by the party, students should adhere firmly to the correct political orientation, study hard Marxism-Leninism-Mao Zedong Thought, foster a scientific outlook on world and life, take the road of integrating with the masses of workers and peasants, and modestly learn from the masses. They should study diligently in order to render service to the motherland.

He said the major task for young students is to study. They should arm themselves with scientific knowledge. The masses of young students should enhance their sense of responsibility and mission, study assiduously, stress actual results, apply what they have learned, and strive to become the pillars for building socialist modernization. [passage omitted]

Liaoning Advisory Commission Supports CPC Guidelines

SK0712052789 *Shenyang Liaoning Provincial Service in Mandarin*
2300 GMT 5 Dec 89

[Text] The Liaoning Provincial CPC Advisory Commission held its 9th plenary session in Shenyang on 5 December to thoroughly study and implement the guidelines of the 5th Plenary Session of the 13th CPC Central Committee. Hu Yimin, vice chairman of the provincial Advisory Commission, presided over the session.

Dai Suli, chairman of the provincial Advisory Commission, spoke at the session, saying the reports and the resolutions made at the ninth plenary session of the sixth provincial party committee were in total conformity with the guidelines of the 5th Plenary Session of the party Central Committee. We will resolutely support them. Under the leadership of the provincial party committee, the provincial Advisory Commission should fully perform its role as an adviser and assistant, and carry out the guidelines comprehensively and thoroughly.

Comrade Dai Suli put forward the current tasks for the provincial Advisory Commission. First, it should further study well the documents of the 5th Plenary Session of the party Central Committee, correctly understand the general policy of stabilizing the situation and developing the economy as formulated by the party Central Committee, and achieve unity in thinking and action. Second, it should render active support for the work of the provincial party committee, heed the opinions of the masses at the grassroots, succeed in investigations and study, conduct more propaganda and education, unite with the masses of party members and cadres, take the overall situation into consideration, and exert concerted efforts to ensure that the various tasks set forth at the plenary session of the provincial party committee are fulfilled. Third, it should take the lead in practicing austerity for a few years, lead the masses in developing the spirit of maintaining self-reliance, plain living, and hard struggle, and developing the country and all undertakings through thrift and hard work, share weal and woe with the masses, and conquer difficulties with them. Fourth, it should intensify study of basic Marxist theory. It should particularly study philosophy, strive to master the basic views and methods of dialectical materialism and historical materialism, and make leadership work more correct and scientific.

Comrade Dai Suli urged all the comrades of the provincial Advisory Commission to arouse their revolutionary spirit, unite and exert concerted efforts with the party members, cadres, and the public throughout the province to make its due contributions to extricating our province's economy from difficulties, and winning a new victory in the endeavor of improvement, rectification, and deepening of reform.

A total of 35 members attended the plenary session. Before the session, they attended as nonvoting delegates the ninth plenary session of the sixth provincial party committee.

1990 Declared 'Environmental Protection Year'

OW0712084589 *Beijing XINHUA in English*
1042 GMT 6 Dec 89

[Text] Shenyang, December 6 (XINHUA)—The Municipal Government of Shenyang, capital of northeast China's Liaoning Province, has declared 1990 as its first "Environmental Protection Year."

This activity was suggested by Zhang Jiexin, an engineer at a local power plant, and the Municipal Government has determined to hold it every 5 years.

Shenyang is one of China's biggest heavy industrial cities where pollution is quite serious.

An official of the Shenyang Environmental Protection Bureau said that the bureau has intensified the monitoring of contamination and treatment of pollution sources. However, the content of some pollutants still exceeds the country's standards.

Liaoning Reports on Economic Crimes

SK0512033789 *Shenyang Liaoning Provincial Service in Mandarin* 1030 GMT 1 Dec 89

[Text] The crime report center of the provincial Supervision Department today circulated a notice to all press units on the investigation and handling of 18 cases reported by the masses. These cases involved 18 cadres of the provincial Scientific and Technological Commission, the provincial Grain Bureau, the provincial Press and Publications Bureau, the provincial Judicial Department, and the provincial Planned Economic Commission. At present, two persons have been discharged from public employment, three have been dismissed from their posts, and eight have been transferred to the judicial organs for handling.

(Pang Yihua), manager of the Northeast Scientific and Technological Advertisement Company under the provincial Scientific and Technological Commission, fabricated void vacancy quotas to seek wages and bonuses through fraud and deception, and gained 300 to 500 yuan every month. During the time he served as manager, which was more than a year, he embezzled more than 42,000 yuan. He also used public funds to buy sofas, a fur coat, refrigerator, color television, and other expensive consumer goods for daily use. After investigation and verification, he misappropriated 25,000 yuan of public funds, thus making his total illegally gained sum more than 67,000 yuan. This case has been transferred to the judicial organ for handling by the provincial Scientific and Technological Commission.

(Wang Weiying), deputy manager of the Xinhua Bookstore under the provincial Press and Publications

Bureau, abused his position and power to misappropriate more than 240,000 yuan under various pretexts. With this sum, he helped his son (Wang Gang) publish obscene books and magazines. The provincial Press and Publications Bureau decided to punish (Wang Weiying) by dismissing him from his post as deputy manager of the bookstore.

In the notice, the spokesman of the crime report center of the provincial Supervision Department said that they had already strengthened investigation and handling over cases of fraud and that efforts were being taken to investigate and handle some cases reported by the people.

'Independence Movement' Called Hindrance to Reunification

OW0712130589 Beijing XINHUA Domestic Service in Chinese
1448 GMT 4 Dec 89

[Text] Hong Kong, 4 Dec (XINHUA)—According to Hong Kong and Taiwan press reports, Taiwan's general elections have ended. The "Taiwan Independence Movement" forces have expanded rapidly, and many candidates who spare no effort to advocate "Taiwan independence" have won in the elections. Such a situation has caused concern and worry in various circles in Taiwan.

According to reports, of the 32 candidates of the so-called "New Country Alliance" that strongly advocates "Taiwan independence," 8 were elected "members of the Legislative Yuan" and 12 were elected "members of the provincial assembly." As a result, members of the "Taiwan Independence Movement" holding official positions have sharply increased.

It is reported that during the elections, the "New Country Alliance" openly put forward the appeal of the

"Taiwan Independence Movement" calling for a "new country with a new constitution." The "Taiwan independence" forces have become very arrogant because the Taiwan authorities are basically assuming an ambiguous and tolerant attitude toward them.

Some public figures think that many "Taiwan Independence Movement" elements returned to Taiwan from abroad to make a show of strength in support of the "independence" candidates in the first general elections held since the lifting of martial law.

The results of the elections show that the "Taiwan Independence Movement" in Taiwan is no longer merely talk but a force to be reckoned with. Its advocates are not only spreading their ideas among the public; some have entered Taiwan's power organs. It is expected that the struggle between "reunification" and "independence" will become more open, and the confrontation between the two will become more intense in Taiwan's political circles in the days to come. The expanding forces of the "Taiwan Independence Movement" will create hidden trouble for Taiwan's political stability and even for China's peaceful reunification.

Study Suggests Emigration Could Cause Economic Collapse

HK1212040189 Hong Kong SOUTH CHINA
MORNING POST in English 12 Dec 89 pp 1, 6

[By Simon Macklin]

[Text] Hong Kong's economy will be in danger of collapsing unless at least 315,000 key managerial and professional staff are encouraged to remain in the territory, a study commissioned by the Honour Hong Kong lobby group has found.

The report, published yesterday, found that unless something is done to arrest existing emigration among key workers, economic growth could fall by as much as 45 percent in 1997.

Members of the Honour Hong Kong group said these key workers needed guaranteed security for their families.

And if the families averaged 3.6 people, more than a million people would have to be considered.

Honour Hong Kong called on the British Government to ensure it fulfilled the Joint Declaration by seeing the prosperity of the territory was maintained.

Immediate action was needed, therefore, to reassure professional people they have a future in the territory.

The group said it believed Britain has a moral obligation to all of the people in the territory but had accepted the British were unlikely to accept this responsibility.

Launching the report in London last night, Honour Hong Kong campaign chairman, Mr Simon Murray, stressed the passports did not have to be British but that they were needed for people to stay.

If the number covered by the nationality package being prepared by the British Government was too low it would be "very counter-productive and create ill feeling".

"We think that there is a rapidly rising risk of emigration which might start the economy into a downhill slope and could be damaging."

The critical period for Hong Kong in terms of emigration would be 1992 and 1993 but if the territory could make it through to 1997 with a thriving economy then it would go "sailing through" to a prosperous future.

A committee member and Chief Executive of the Stock Exchange of Hong Kong, Mr Francis Yuen Tin-fan, said Britain had made it repeatedly clear it would not provide nationality for all British citizens in Hong Kong.

But it was hoped the report would help Britain in "designing" its nationality package.

"If nothing is done to stabilise the key element of the workforce, there could be a rapid deterioration in Hong

Kong's growth rate... Britain has a legal obligation to make sure this does not happen," Mr Yuen said.

Using Government figures, the report drawn up by Price Waterhouse found that people most likely to emigrate were those who were most needed to maintaining Hong Kong's prosperity.

The group includes the disciplined services, degree holders and skilled workers, senior managers and more junior supervisors, as well as entrepreneurs and employees.

There were about 315,000 people who fell into this bracket, many of whom already had foreign passports or were entitled to them because of their family connections, Mr Yuen said.

But he said: "It is Britain's responsibility to make sure that those who do not already have foreign passports are given the confidence to stay. This means that full passports are needed for all those in this key group to ensure they stay."

He said Britain would have to calculate how many family members key workers in this group had, and how many already possessed foreign passports, before arriving at a final nationality package.

Mr Yuen fell short of asking Britain to provide passports for all those in this group, but said Britain should set the lead in asking other countries to help provide a security package for Hong Kong.

But another committee member, the Chief Executive of Cathay Pacific, Mr Peter Sutch, said Britain should be responsible for giving passports to the majority of the key workers, about three per cent of whom were leaving Hong Kong each year.

"If Britain wants to maintain prosperity as it is bound to under the Joint Declaration, it has to make sure these people stay," Mr Sutch said.

It was hoped the report would provide a concrete economic base from which Britain could work in deciding how many passports could be given to Hong Kong people.

"At the end of the day Britain understands dollars and cents," he said.

But Mr Sutch warned that unless Britain offered a substantial number of passports to key workers in the territory the rate of emigration might continue.

"If the number (of passports offered) is too low, it might actually encourage people to go. It might be disastrous, it might have the opposite effect of what they are trying to achieve," Mr Sutch said.

Asked if the non-voluntary repatriation of boat people might affect the British perception of Hong Kong's need for passports in the build up to 1997, Mr Sutch said: "The timing is unfortunate."

Head of the Executive and Legislative Councils [Office of the Members of the Executive and Legislative Councils] nationality panel Mrs Rosanna Tam Wong Yick-ming said she found the report "interesting".

But Mrs Tam said Omelco would continue to fight for the right of abode in the UK for all Hong Kong British citizens.

"This is a matter of right and a matter of principle. Omelco has a duty to fight for all Hong Kong citizens, she said.

The 34-page report, which was released jointly in London and Hong Kong yesterday, will be distributed to the press and politicians in the territory and the UK.

Members of the Honour Hong Kong group, which comprises most of the major hongks in Hong Kong as well as leaders of professional organisations, said they would consider what further action to take after Britain announced its nationality package.

The report shows just under 1,000 people a week are leaving the territory to take up residence overseas.

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